

Dec. '44

DUN'S REVIEW

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December 1944

XC of a series of Century old cities. Fort Smith, Ark.



National Thrift and the Public Debt . . . 14 Important Financial Ratios for 36 Manufacturing Industries . . . Selection of Post V-E Day Reconversion Controls

Dear Zenas and James:

You will presently receive from Mr. Waldo the deed to the land, together with the machinery and utensils now in the paper mill; also my right, title and interest in the spring of water which I now occupy for the use of the paper mill. In the language by which such conveyances are made, it says that I "grant, bargain, alien and release" this property to you. This is too formal a clothing of the transaction, so I write this postscript in more familiar terms.

Instead of regretting this moment when I lay aside my active direction of the business, I welcome it and take satisfaction in the fact that I am able to hand on what I have built here to sons whose knowledge of paper making is firmly grounded and whose enterprise and zeal promise a further fulfilment of my own ambitions. I hope when you arrive at this moment in your lives you may have sons of your own to succeed you and that they may be paper makers who find in their craft a way of life as well as a means of livelihood.

That is what paper making has meant to me. I know it means the same to you. I was born to it, as you have been, with my brother my source of inspiration as well as instruction. He made paper for the Revolution. I have made paper since the early days of our Federal union and this mill of ours is truly a pioneer, for it was one of the earliest to be built west of the Connecticut River. Our country has grown mightily since then and we have grown with it. We are still forging ahead and, at your hands, I know this mill will continue to serve our people and serve them well; reaching out with them into new fields and making papers for new uses, as ingenuity and enterprise discover and develop them. Such is my regard for the past, my faith in the future, and my confidence in you.

Dalton, Massachusetts

23 May 1842

Truly yours, etc.

ZENAS CRANE



For five generations the Crane mills in Dalton have been making paper; making it from cotton and linen fibres and from these enduring materials only; making it under the direction of Zenas Crane and his descendants. Throughout these 143 years Crane's Papers have served this country and its people for letters, documents of record, tokens of value and for many uses where papers of such durability and longevity are demanded; chief among them the War Bonds we now buy that the victory may be ours.

CRANE'S FINE PAPERS • MADE IN DALTON, MASSACHUSETTS • SINCE 1801



Tips for these 120 pencils are
Injection-molded of Tenite in one casting

- Brightly colored Tenite pencil tips are scheduled for postwar use. Colors available in Tenite are unlimited, and the plastic is eminently suited to modern, streamlined design. In serviceability, Tenite successfully competes with metals traditionally used for pencil ferrules. Thin-walled and resilient, the ferrules grip both pencil and eraser without splitting.

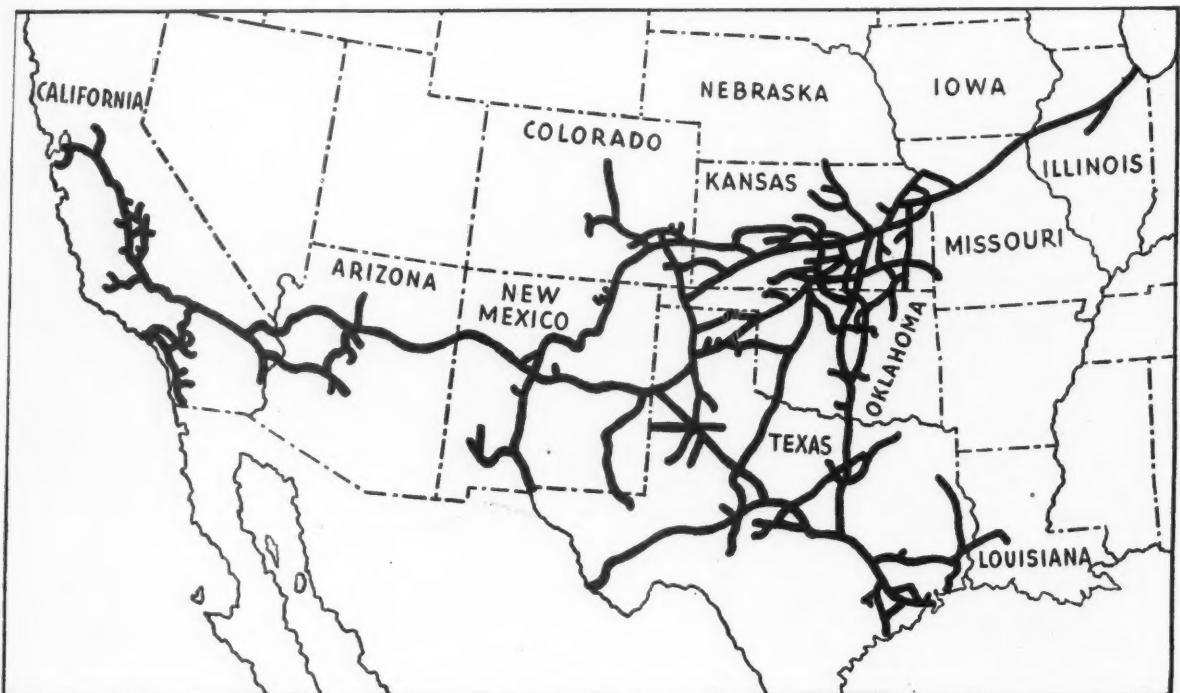
The use of Tenite plastic effects economies in material and manufacturing operations. Because it is exceptionally light in weight, the plastic yield is greater than that of metal. Tenite castings are injected at the fastest speeds ever attained with plastics, and no costly finishing operations are required.

Tenite is extremely well-adapted to the mass production of small parts and has long been used for radio knobs, automobile interior appointments, refrigerator parts. For more information, write TENNESSEE EASTMAN CORPORATION (Subsidiary of Eastman Kodak Company), KINGSPORT, TENNESSEE.

TENITE *an Eastman Plastic*

Tenite pencil ferrules molded by Essex Corporation
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new business sites along the Santa Fe



As American industry knows, the war has increased the population and accelerated the tempo of industry in the West and Southwest.

Perhaps your company is even now eyeing one or more of the western or southwestern states with a view to moving "out where new industrial history begins" in peacetime.

Along the Santa Fe from Chicago to California, from Denver to the

Gulf of Mexico, there are numerous industrial sites available which offer splendid "Western" opportunities for the expansion of American enterprise.

Santa Fe, working closely with the Chambers of Commerce in the West and Southwest, has at its fingertips vital information with respect to available sites, raw materials and taxes, employment conditions, factory facilities, power,

climate, housing, schools, transportation and many other considerations.

If you want the facts about industrial sites anywhere in Santa Fe Land, we are eager to serve you. Just write J. J. Grogan, Vice President, Santa Fe System Lines, Chicago 4, Illinois; or contact the nearest Santa Fe Traffic Office.

SANTA FE SYSTEM LINES

Serving 12 Western and Southwestern States



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The Cover

Originating as an Army post, Fort Smith, second largest city in Arkansas, today is an important manufacturing, distributing, mule, and livestock market center.

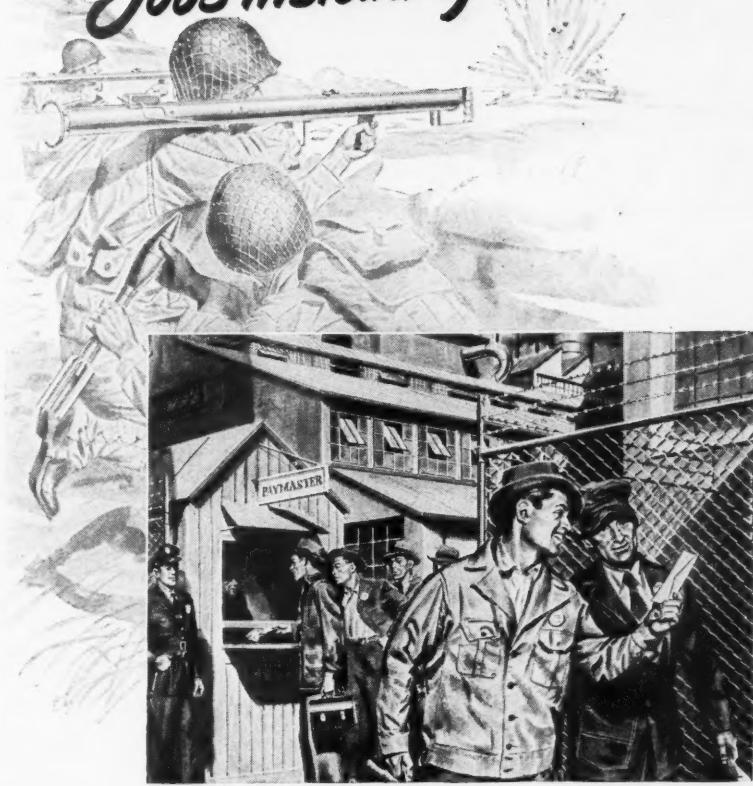
Following the establishment of the Army post in 1817, the town was laid out in 1821, incorporated in 1842, and chartered as a city in 1845. The fort was the principal supply depot for the Western posts due to its situation at the head of navigation on the Arkansas River.

Today manufactures include furniture, glass, bottles, chimneys, mattresses, bricks, cottonseed oil, lumber, kitchen cabinets, handles, tents, caskets, and auto bodies. Fort Smith also has large railroad shops, oil refineries, and zinc smelters.

The population in 1940 was 36,584. The 74 manufacturing establishments in 1939 employed an average of 3,141 workers, producing goods valued at \$15,227,182. The 184 service establishments, receipts of \$1,201,000; and the 115 wholesalers, sales of \$24,772,000.

The cover print, depicting the city in 1853, is reproduced from a tinted lithograph published by Sarony, Major & Knapp, New York. This is from the Phelps Stokes Collection, New York Public Library.

When the boys need Jobs instead of Bazookas



MILLIONS of returning servicemen will want and must have work, making the billions of dollars' worth of new goods people will need and want—when victory is won. Such is the challenge facing industry today—the challenge of converting back to consumer production as fast as it went to war.

And in this vital job, AIR EXPRESS will continue to serve all industry, with the high-speed delivery of conversion tools and materials. With greatly expanded coverage and facilities, AIR EXPRESS will play its indispensable part in this race against time—to create new opportunities for business at home, and to open vast foreign markets to American enterprise.



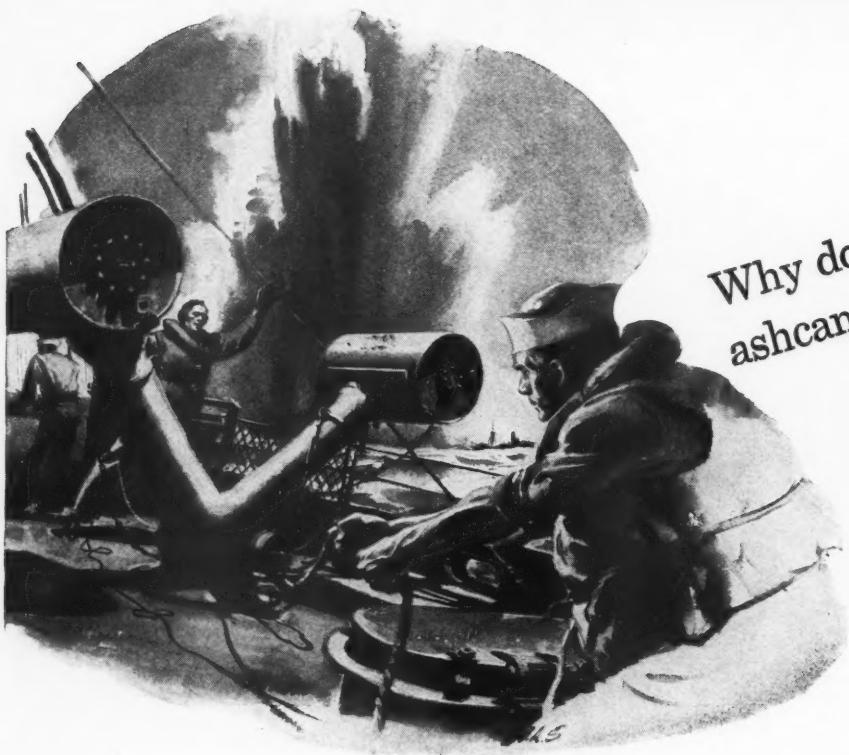
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ashcans out of STEEL?

Because you can't beat
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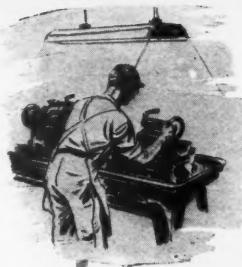


Steel is tough, all right. War has proved it. And it's tougher than ever now. Stronger. Better. The 174 laboratories of United States Steel have helped to make it so. Someday you'll get the benefit of the new, tougher steels. In garbage cans and garden tools. Fencing and furnaces. Countless other products. All marked with the U.S.S. Label. Remember to look for it. It means *quality* in steel.

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HOW THE ELLIOTT PLAN KEEPS SUGGESTION SYSTEMS CLICKING



Cash In On Your Ideas!



This proved way to keep ideas flowing saves time, cuts costs—today and postwar

To progressive managements and labor management committees seeking new and better production methods, the Elliott Suggestion Service is an invaluable kit of tools. It stimulates and sustains the flow of workers' ideas for improved time and cost-cutting work procedures. Since 1927, more and more industries have found the Elliott Suggestion System a "must" activity in their production programs.

This hard-hitting, idea-stimulating management tool insures maximum utilization of manpower, brainpower and production effort. The Elliott Suggestion Service stirs the employee's imagination — quickens his thinking process — inspires the quantity and quality of his contributions toward work efficiency—keeps suggestion systems clicking by maintaining the worker's active interest.

THIS SERVICE PROVIDES:

1. A dependable, flexible system to meet the individual requirements of any industrial organization.
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3. New, timely "THINK-Stimulator" Posters mailed to you each week.
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Every user of the Elliott Suggestion Service receives a 72-page, loose-leaf working manual chock-full of proved procedures. It tells you how to present a suggestion system to your employees — how to make the system work for your company — how awards stimulate suggestions — how Elliott's colorful, dynamic posters and executive letters supply the "urge" and the "hints" needed to direct the employee's thinking.

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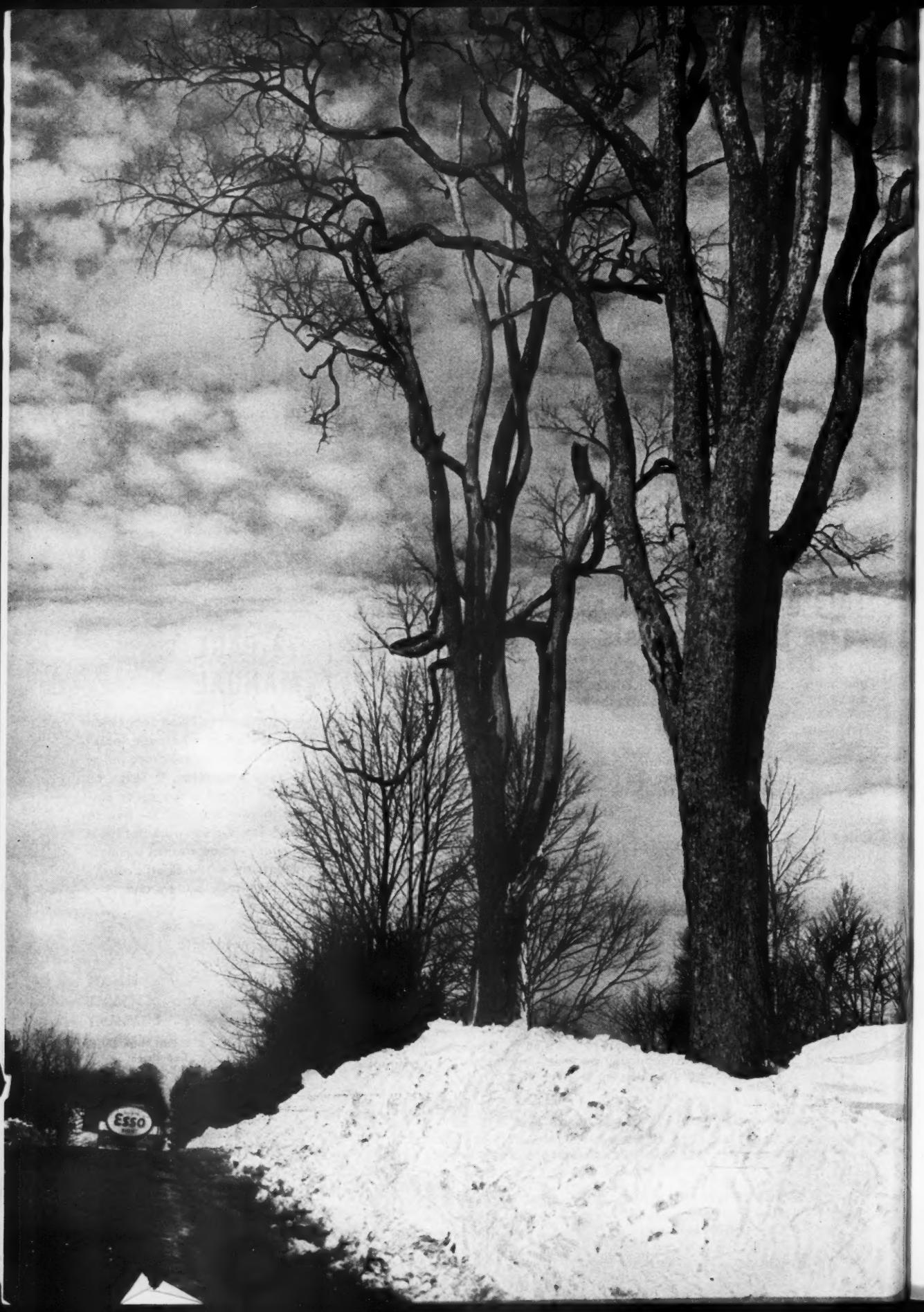
Please send me, without obligation, illustrated literature describing the Elliott Suggestion Service and samples of the "THINK-Stimulator" Posters.

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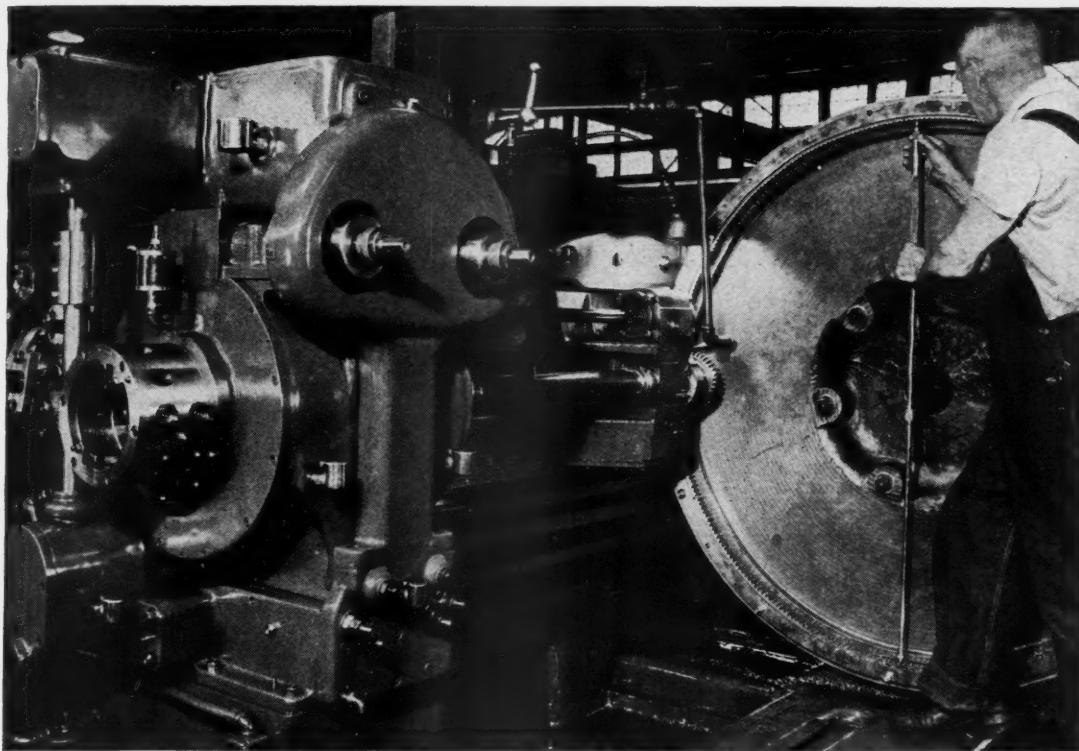
POSITION _____

COMPANY _____

ADDRESS _____



NATIONAL THRIFT and the PUBLIC DEBT



GEAR-SHAPING MACHINE, BALDWIN LOCOMOTIVE WORKS—LEWIS PHOTOGRAPH

And 14 Financial Ratios for 36 Manufacturing Industries

ROY A. FOULKE

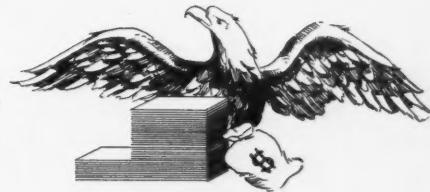
Vice-President, DUN & BRADSTREET, INC.

*O*N August 4, 1790, three years less forty-four days after the final meeting of the epochal Constitutional Convention at Philadelphia, the first Congress of the United States of America passed the Funding Act of 1790. This historic financial legislation funded the various classes of foreign and domestic public debts of the thirteen States, collectively and individually, that had been so completely neglected during the financially chaotic years under the Articles of Confederation.

To Alexander Hamilton, the first Secretary of the Treasury, and then only 34 years of age, was entrusted the intricate task of carrying out the provisions of this Act, provisions with which he was most familiar as they represented ideas for which he had been the principal and consistent advocate since the very meeting of the Constitutional Convention. On January 14, 1790, he had communicated to

the House of Representatives his *First Report on the Public Credit* in which he had expressed, logically and unequivocally, many of the plans for the financial organization and reorganization of our country which were subsequently carried out.

On August 28, 1790, Alexander Hamilton signed an agreement to borrow 3,000,000 florins through the two banking houses of Wilhem and Jan Willink, and Nicholaas and Jacob Van Staphorst and Hubbard, bankers of the United States of America at Amsterdam. The sum was borrowed for a term of fifteen years but with serial maturities running from the eleventh through the fifteenth year, that is, from 1801 through 1805. This initial foreign loan obtained after the adoption of the Constitution, bore interest at the rate of 5 per cent per annum, and carried a charge of 4½ per cent, giving an average yearly cost over the life of the loan, of 5.5012 per cent.



*T*HE history of the national debt from 1790 to the present is divided into nine periods by Mr. Foulke. Six critical eras are listed when big deficits have occurred, five of these resulting directly from wars.

The author tells how domestic finances were put on a sound basis by Alexander Hamilton, first Secretary of the Treasury, who arranged for the Government to assume the obligations of the States and developed a plan for the funding of the national debt.

Financial ratios are presented for 36 manufacturing industries. The October number contained ratios for 12 retail and 24 wholesale trades.

National Receipts and Expenditures, 1789-1945

President	Year	Total Receipts	Total Expenditures	Net Yearly Surplus (or Deficit)	President	Year	Total Receipts	Total Expenditures	Net Yearly Surplus (or Deficit)	Total Receipts			Total Expenditures			Net Yearly Surplus (or Deficit)	
										President	Year	Total Receipts	Total Expenditures	Net Yearly Surplus (or Deficit)	President	Year	
GEORGE WASHINGTON	1789	\$ 4,419,000	\$ 4,269,000	\$ 150,000	W. H. HARRISON	1841	\$ 16,860,000	\$ 26,566,000	\$ 9,706,000	GROVER CLEVELAND	1893	\$ 385,820,000	\$ 383,478,000	\$ 2,342,000			
	1790				JOHN TYLER	1842	19,976,000	25,266,000	5,230,000	JOHN CLEVELAND	1894	306,355,000	307,525,000	61,179,000			
	1791					1843	8,530,000	11,882,000	3,555,000		1895	324,729,000	335,195,000	31,456,000			
	1792	3,670,000	5,086,000	-1,416,000		1844	29,521,000	23,338,000	6,983,000		1896	335,442,000	352,794,000	14,377,000			
	1793	4,053,000	4,482,000	416,000		1845	28,970,000	22,977,000	7,033,000		1897	347,722,000	357,744,000	18,052,000			
	1794	5,432,000	6,991,000	-1,559,000	JAMES K. POLK	1846	29,700,000	27,707,000	1,933,000	WILLIAM MCKINLEY	1898	405,324,000	443,368,000	38,047,000			
	1795	6,115,000	7,540,000	-1,425,000		1847	26,496,000	57,281,000	30,785,000		1899	515,961,000	507,272,000	89,111,000			
	1796	8,378,000	5,747,000	2,651,000	Z. TAYLOR	1848	35,723,000	45,377,000	9,641,000		1900	507,241,000	520,861,000	46,380,000			
JOHN ADAMS	1797	8,689,000	11,644,000	-2,955,000	MILLARD FILLMORE	1849	31,208,000	45,922,000	13,843,000		1901	587,685,000	524,617,000	63,068,000			
	1798	7,909,000	7,676,000	224,000		1850	43,603,000	49,066,000	4,463,000		1902	516,884,000	572,244,000	55,360,000			
	1799	7,547,000	9,666,000	-2,119,000		1851	52,559,000	47,799,000	4,850,000		1903	561,884,000	517,006,000	44,875,000			
	1800	10,849,000	10,786,000	63,000		1852	49,847,000	44,105,000	5,652,000		1904	541,087,000	583,660,000	42,573,000			
	1801	12,935,000	9,394,000	3,541,000	FRANKLIN PIERCE	1853	61,587,000	48,184,000	13,403,000		1905	544,275,000	507,202,000	23,094,000			
	1802	14,996,000	7,862,000	7,134,000		1854	73,800,000	58,045,000	15,755,000		1906	594,984,000	570,202,000	24,782,000			
THOMAS JEFFERSON	1803	11,064,000	7,872,000	3,212,000		1855	63,551,000	59,743,000	5,608,000		1907	605,869,000	579,129,000	86,731,000			
	1804	11,526,000	8,719,000	3,107,000		1856	74,057,000	69,571,000	4,848,000		1908	601,864,000	573,334,000	57,000			
	1805	13,561,000	10,566,000	3,055,000	JAMES BUCHANAN	1857	63,665,000	67,796,000	1,169,000		1909	604,320,000	693,744,000	89,424,000			
	1806	15,560,000	9,804,000	5,756,000		1858	46,655,000	74,185,000	27,539,000		1910	675,512,000	603,617,000	181,055,000			
	1807	16,398,000	8,354,000	8,944,000		1859	53,486,000	69,071,000	15,585,000		1911	702,133,000	691,202,000	10,631,000			
	1808	17,661,000	9,933,000	7,128,000		1860	50,665,000	63,131,000	7,066,000		1912	662,609,000	689,881,000	27,288,000			
	1809	7,774,000	10,291,000	-2,507,000	ABRAHAM LINCOLN	1861	41,510,000	66,547,000	25,037,000		1913	734,114,000	724,512,000	401,000			
	1810	9,384,000	8,146,000	1,238,000		1862	41,988,000	47,122,000	4,122,774,000		1914	734,677,000	735,081,000	-40,000			
JAMES MADISON	1811	14,423,000	8,058,000	6,365,000		1863	11,697,000	71,747,000	60,243,000		1915	667,911,000	700,587,000	62,678,000			
	1812	9,801,000	20,210,000	10,410,000		1864	26,642,000	27,793,000	1,151,000		1916	782,534,000	734,906,000	48,478,000			
	1813	14,341,000	31,462,000	17,121,000	ANDREW JOHNSON	1865	33,571,000	12,971,000	20,590,000		1917	1,124,253,000	1,977,682,000	835,357,000			
	1814	11,182,000	34,721,000	23,539,000		1866	558,333,000	520,810,000	37,223,000		1918	3,616,458,000	12,696,703,000	9,012,120,000			
	1815	15,729,000	32,708,000	1,979,000		1867	490,634,000	357,543,000	133,091,000		1919	515,257,000	18,514,880,000	1,353,021,23,000			
	1816	47,78,000	30,587,000	17,991,000		1868	495,038,000	372,98,000	48,079,000		1920	6,494,566,000	6,403,344,000	291,222,000			
	1817	33,699,000	21,844,000	11,855,000		1869	37,944,000	32,280,000	5,677,000		1921	6,249,933,000	5,115,928,000	509,000			
	1818	21,585,000	19,825,000	1,760,000		1870	41,256,000	30,965,000	10,160,000		1922	4,109,104,000	3,327,608,000	736,496,000			
	1819	24,063,000	21,464,000	3,399,000		1871	33,543,000	29,217,000	91,147,000		1923	4,071,135,000	4,034,978,000	9,012,120,000			
	1820	17,388,000	18,261,000	1,127,000	ULYSSES S. GRANT	1872	37,419,000	27,517,000	9,899,000		1924	4,012,045,000	3,048,978,000	963,367,000			
	1821	14,573,000	15,810,000	-1,237,000		1873	33,338,000	290,345,000	43,393,000		1925	3,786,149,000	3,063,915,000	717,044,000			
	1822	20,324,000	15,000,000	15,324,000	J. A. GARFIELD	1874	30,497,000	30,263,000	2,245,000		1926	3,963,756,000	3,097,612,000	865,444,000			
	1823	20,341,000	14,707,000	5,634,000		1875	28,688,000	27,624,000	1,327,000		1927	4,129,597,000	2,974,930,000	1,153,655,000			
	1824	19,381,000	20,327,000	941,000		1876	29,494,000	26,510,000	28,995,000		1928	4,042,548,000	3,103,625,000	939,083,000			
	1825	21,841,000	17,957,000	5,884,000		1877	281,406,000	241,334,000	40,072,000		1929	5,387,125,000	6,011,683,000	2,695,523,000			
ANDREW JACKSON	1826	25,225,000	15,248,000	10,237,000		1878	257,740,000	236,964,000	20,800,000		1930	4,117,942,000	3,449,826,000	737,673,000			
	1827	22,566,000	17,289,000	14,577,000	B. HAYES	1879	273,827,000	266,948,000	16,879,000		1931	3,189,639,000	3,655,516,000	461,877,000			
	1828	24,764,000	15,395,000	8,369,000		1880	325,527,000	302,634,000	65,884,000		1932	2,035,725,000	2,035,547,000	2,520,422,000			
	1829	24,842,000	15,203,000	15,164,000	CHESTER A. ARTHUR	1881	360,282,000	260,713,000	100,069,000		1933	2,079,697,000	3,863,545,000	1,784,848,000			
	1830	24,844,000	15,143,000	9,701,000		1882	403,525,000	257,981,000	145,544,000		1934	3,115,554,000	4,035,545,000	2,910,395,000			
	1831	28,527,000	30,688,000	1,959,000		1883	398,287,000	265,498,000	12,879,000		1935	3,248,497,000	7,009,987,000	73,391,000			
ANDREW JACKSON	1832	31,866,000	37,243,000	14,377,000		1884	348,520,000	104,394,000	244,126,000		1936	4,115,957,000	8,665,945,000	4,543,688,000			
	1833	33,948,000	23,018,000	10,930,000		1885	323,091,000	260,227,000	63,464,000		1937	5,828,840,000	8,177,049,000	3,148,569,000			
	1834	21,792,000	18,628,000	3,164,000	GROVER CLEVELAND	1886	336,440,000	242,483,000	93,957,000		1938	5,854,661,000	7,238,822,000	2,520,422,000			
	1835	35,130,000	17,573,000	17,573,000		1887	371,403,000	267,932,000	103,471,000		1939	5,161,844,000	8,797,992,000	3,542,476,000			
	1836	50,227,000	30,688,000	19,959,000		1888	379,266,000	267,925,000	111,341,000		1940	5,387,125,000	8,998,190,000	2,895,523,000			
MARTIN VAN BUREN	1837	24,954,000	37,243,000	12,289,000		1889	387,050,000	299,289,000	87,761,000		1941	12,799,621,000	12,110,530,000	5,103,418,000			
	1838	36,323,000	33,948,000	2,375,000		1890	403,681,000	318,041,000	85,040,000		1942	12,799,621,000	12,396,855,000	19,597,523,000			
	1839	31,483,000	26,809,000	5,684,000		1891	39,612,000	26,838,000	12,774,000		1943	22,281,613,000	78,178,885,000	55,897,242,000			
	1840	19,440,000	24,318,000	4,882,000		1892	345,072,000	345,072,000	9,915,000		1944	44,849,577,000	93,754,531,000	49,594,580,000			

Note—Receipts and Expenditures are from the *Annual Report of the Secretary on the State of the Treasury for the Year ended June 30, 1942* except that the 1945 figures are estimates of the Bureau of the Budget. For the years 1810 to 1915 these figures are on the basis of warrants issued, and for 1916 and subsequent years on the basis of daily Treasury statements "unrevised." The data are compiled from reports to the appropriate month or fiscal year. Public debt totals are available on the basis of the "revised" base; the figures for the gross National Debt used in *Financial Implications* of the Peace, by the author, (*Dom's Review*, December 1943) were on the "revised" basis.

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By June 1, 1792, five additional foreign loans had been obtained, four loans aggregating 14,500,000 florins at Amsterdam, and one loan of 2,050,000 florins at Antwerp. The sixth loan carried an interest rate of 4 per cent per annum and a charge of 5 per cent, or an average yearly cost over the life of the loan of 4.4951 per cent. In less than two years, the over-all cost of foreign loans had been reduced from 5.5012 to 4.4951 per cent per annum, a very substantial net yearly reduction of 1.0061 per cent.

Hamilton's *First Report on the Public Credit*, wrote Henry Cabot Lodge, "was far more than a vigorous and able piece of financing. It was the cornerstone of the Government of the United States, and the foundation of the national movement. Hamilton saw in the debt and its proper treatment the means of binding together the States as a nation by the sure tie of a common interest We must appreciate the anarchy of the Confederation, the chaotic opposition to order then existing, and contrast all this with the development of the United States which has followed."

Hamilton's Views on Debt

As an early and forceful advocate, then later as the first Secretary of the Treasury and the moving spirit in carrying through the funding operations on the defaulted Confederation and State obligations, Alexander Hamilton has come to be regarded in economic and historic literature as the great exponent and believer in the existence of a large national debt. This viewpoint has appeared in politic and economic literature, directly or by inference, from contemporary Thomas Jefferson to our present day Alvin H. Hansen. This exceptional breadth of interpretation has been re-emphasized and reiterated in recent years to give a tacit support to the growth in our national debt as it has expanded by leaps and bounds.

Strange as it may seem, Hamilton's actions and words both repudiate any such doctrine. He was not an advocate of a large national debt, and he did believe that the greatest thrift and care should be exercised in the use of all public funds.

There have been six critical periods in the one hundred and fifty-five years of our Federal history when great increases in our national debt have been incurred. The increases during five of these six critical periods resulted di-



rectly from wars; the stakes in each struggle were so high that the economic costs were cheap at any price. Imperious necessity demanded heavy expenditures without even attempting to count the economic consequences. These six momentous periods were, (1) the initial funding operations of 1790 which funded the many and varied obligations incurred in the difficult financing of the Revolutionary War,* (2) the War of 1812, (3) the Civil War, (4) World War I, (5) the Great Depression, and (6) World War II.

The absolute necessity of incurring the tremendous record increase in our national debt in waging World War II has been hardly greater or more basic than the urgency or cogency of assum-

* When the Revolutionary War broke out, the colonists had no common currency, either paper or metallic; there were no banks in existence, like those of today, that could extend credit; and the floating supply of foreign coins in circulation was nominal. There were only three ways in which the necessary funds could be raised, the issuance of paper currency, increased taxation, or borrowing either at home or abroad. The Continental Congress resorted to all three methods, but the issuance of paper currency was their chief reliance. By the latter part of 1779 so much Continental currency had been issued that our entire currency system had broken down hopelessly. Money without credit is no longer money. "A wagon-load of money" wrote George Washington at the time, "will scarcely purchase a wagon-load of provisions." China has been up against the same problem, but only more so, in financing the war against aggression which has been waged by Japan since the Mukden incident of 1931. For the past two years China has been engaged in a heroic effort to stem a runaway inflation under which prices have increased 2,000 per cent since the Japanese attack. Chinese currency is worth about what our Continental currency was worth during the Revolutionary War. In the absence of any reasonable home and foreign credit, and no appreciable metallic currency, we had to print paper money in increasing amounts to purchase needed supplies in the home market. China has had to do the same thing in recent years for the very same reason.

ing the outstanding obligations of the States, collectively and individually, under the Funding Act of 1790. No matter how great the cost in terms of human casualties, in terms of economic wealth, of ships, planes, tanks, armament, and ammunition, in terms of the derangement in our internal economy, and in terms of our colossal unprecedented monetary expenditures, no question has or will be raised regarding the absolute necessity of paying, the full, undiluted tragic price in carrying World War II to a victorious and unconditioned conclusion.

In his great *First Report on the Public Credit*, Hamilton carefully described three benefits which he believed our colonial economy would derive by the sound funding of our debts, arguments which he used to support the Funding Act when it subsequently came before Congress. An analogy may be made between the clear purpose of his carefully worded arguments, and the purpose of similar arguments which General George C. Marshall, United States Chief of Staff, might well have made before a Congressional Committee in order to insure that adequate funds would be available to wage World War II.

The three attributes of a national debt, soundly conceived and properly supported, as Hamilton saw them in the light of the pre-industrial, trading

economy of his day, he described as follows:

First—Trade is extended by it, because there is a larger capital to carry it on, and the merchant can, at the same time, afford to trade for smaller profit; as his stock,* which when unemployed, brings him in an interest from the Government; serves him also as money when he has a call for it in his commercial operations.

Secondly—Agriculture and manufactures are

* In the literature of the days "bonds" of the Federal Government were termed "stock."

also promoted by it, for the like reason, that more capital can be commanded to be employed in both; and because the merchant, whose enterprise in foreign trade give to them activity and extension, has greater means for enterprise.

Thirdly—The interest of money will be lowered by it; for this is always in a ratio to the quantity of money, and to the quickness of circulation. This circumstance will enable both the public and individuals to borrow on easier and cheaper terms.

It is difficult for us, today, to picture an early society of Europeans on this

continent who were attempting to live and to carry on a growing commerce with the natives, among themselves, with Europe, and with the West Indies, with practically no metallic currency. In fact, the keynote of our entire colonial economic history is found in the scarcity of metallic currency and in the constant series of expedients and experiments by which the colonists at-

Fourteen Important Financial Ratios

Line of Business (and Number of Reporting Concerns)	Current Assets to Current Debt	Net Profits on Net Sales	Net Profits on Tangible Net Worth	Net Profits on Net Working Capital	Turnover of Tangible Net Worth	Turnover of Net Working Capital	Average Account Collection Period	Net Sales to Inventory	Fixed Assets to Tangible Net Worth	Current Debt to Tangible Net Worth	Total Debt to Tangible Net Worth†	Inventory to Net Working Capital	Inventory Covered by Current Debt	Funded Debts to Net Work- ing Capital‡
	Times	Per Cent	Per Cent	Per Cent	Times	Times	Days	Times	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
FOR 36 MANUFACTURING INDUSTRIES—1943														
Automobile Parts and Accessories (69)	3.31	6.06	20.40	38.68	6.55	11.98	24	12.8	21.9	25.9	45.5	35.4	101.7	12.0
	1.80	3.09	14.62	23.50	4.73	8.70	30	10.0	32.8	70.9	95.5	62.5	185.4	62.5
	1.39	2.47	10.90	15.82	2.65	6.38	35	7.7	44.3	124.3	119.7	103.1	289.1	74.7
Bedsprings and Mattresses (30)	16.51	8.89	19.17	40.10	2.87	8.53	17	11.1	17.3	5.5	20.6	36.0	35.0	8.0
	3.91	3.61	9.16	22.62	2.25	4.73	30	8.8	30.8	24.1	33.3	51.5	68.3	41.5
	2.06	1.75	4.58	12.01	2.11	3.46	33	6.5	43.2	47.3	74.8	81.6	117.9	63.4
Breweries (33)	2.09	6.16	19.19	82.03	3.96	17.83	16	17.0	50.3	25.2	21.7	51.7	127.4	12.5
	1.70	5.00	16.46	66.30	2.01	11.42	22	11.8	68.5	34.5	53.2	76.7	180.0	81.7
	1.39	3.82	8.97	35.72	1.71	7.73	31	10.2	79.7	62.0	65.7	117.5	245.3	129.4
Building Con- tractors (124)	3.86	4.66	25.22	48.85	13.46	25.46	†	†	4.7	18.3	24.5	+	+	2.9
	2.30	2.26	13.01	23.32	5.55	10.03	†	†	17.5	28.5	47.2	+	+	43.7
	1.81	0.79	5.43	8.30	2.23	3.79	†	†	24.1	75.1	79.4	†	†	59.7
Chemicals, Industrial (65)	4.00	7.96	17.26	46.15	3.26	6.76	24	10.8	15.6	17.7	65.5	45.2	53.0	22.7
	2.53	6.12	12.05	21.89	2.15	4.74	34	6.7	40.9	35.3	84.3	62.0	90.6	61.5
	1.74	3.53	8.05	15.27	1.33	3.06	45	4.5	59.9	57.5	104.1	102.2	161.1	69.0
Cigars (22)	10.11	9.07	14.42	15.16	3.20	7.33	18	4.5	8.5	20.5	...	65.4	26.0	...
	4.11	5.31	9.09	10.62	2.12	2.77	27	2.1	15.6	34.7	...	99.4	40.6	...
	1.93	2.99	5.90	7.14	1.39	2.69	93	1.9	31.3	67.9	...	142.0	87.4	...
Clothing, Chil- dren's Dresses, Wash Suits (29)	4.22	2.60	19.46	20.51	9.58	10.16	19	16.3	3.6	20.7	...	42.9	54.5	...
	2.48	1.85	9.96	13.00	7.88	8.91	25	13.2	8.7	57.5	...	65.1	96.2	...
	1.92	1.26	10.11	12.22	5.50	6.63	42	7.8	13.4	93.9	...	86.8	127.6	...
Clothing, Men's and Boys' (240)	5.62	5.93	25.63	28.69	6.88	7.79	19	12.5	2.3	17.9	...	43.3	43.3	...
	3.16	2.59	13.18	15.52	4.51	5.68	29	7.9	5.1	39.0	...	63.8	72.5	...
	2.15	1.56	8.60	9.37	3.12	3.65	41	5.2	12.9	72.6	...	96.9	104.0	...
Coats and Suits, Women's (89)	3.70	6.24	45.65	58.20	11.91	13.64	18	24.6	3.4	30.5	...	45.6	70.0	...
	2.34	2.06	16.54	21.21	8.03	10.85	25	15.8	6.6	64.5	...	69.5	104.0	...
	1.78	1.30	7.37	8.12	5.32	5.98	37	8.7	17.3	108.5	...	98.6	176.2	...
Confectionery (45)	3.03	6.34	29.50	61.15	5.36	11.35	19	27.9	23.0	26.9	46.9	32.3	89.8	5.8
	2.24	4.69	16.05	38.08	4.25	8.40	24	15.3	40.6	45.2	68.5	55.8	139.9	75.2
	1.78	3.11	12.09	23.05	2.58	4.52	34	10.7	51.4	68.4	95.4	77.2	195.4	89.0
Corsets, Girdles and Brassieres (23)	5.32	6.05	20.07	31.07	4.94	6.00	10	9.1	5.3	17.7	...	56.0	40.8	...
	4.05	3.24	8.83	12.95	4.49	5.19	29	7.9	10.7	31.6	...	66.9	57.0	...
	2.67	1.46	5.22	8.12	3.88	4.78	53	5.8	27.8	41.8	...	87.7	85.2	...
Cotton Goods, Converters (48)	4.72	4.27	19.49	23.07	6.47	8.12	15	12.3	0.7	15.3	...	39.0	50.0	...
	2.84	2.78	11.96	13.86	4.04	5.68	19	8.8	1.3	35.3	...	66.6	86.0	...
	1.92	1.30	4.72	8.05	1.84	2.38	29	6.7	15.1	71.7	...	106.4	122.1	...
Dresses, Rayon and Acetate (100)	3.39	3.61	26.15	36.10	10.47	12.16	12	28.6	2.3	34.2	...	39.8	87.1	...
	2.04	2.08	15.58	21.56	7.42	8.69	22	15.9	6.7	74.6	...	66.8	132.4	...
	1.60	1.33	9.83	14.12	4.94	5.75	33	11.0	13.7	120.0	...	114.7	176.7	...
Drugs (39)	4.01	6.02	17.90	22.68	5.48	7.21	13	7.9	11.9	19.6	...	53.2	49.3	...
	3.00	4.13	10.54	14.75	2.64	3.85	30	6.6	26.4	37.7	...	67.5	76.2	...
	2.36	2.92	8.54	13.17	1.70	2.58	45	4.5	37.9	53.3	...	107.1	96.0	...
Electrical Parts and Supplies (63)	4.00	3.91	21.03	34.10	8.14	15.02	21	8.2	23.6	18.7	97.6	32.8	81.8	2.9
	1.92	2.50	12.21	19.82	4.96	6.44	31	6.4	34.4	63.8	130.0	78.6	146.0	8.2
	1.35	1.50	7.58	12.10	2.58	2.98	41	5.1	48.5	157.2	301.9	160.8	208.8	59.8
Foundries (83)	2.77	3.92	14.15	42.85	5.02	17.01	22	26.8	35.3	27.2	50.0	40.0	128.4	28.3
	1.67	2.95	10.88	27.75	3.87	10.35	33	14.4	48.8	58.4	79.0	78.6	184.3	71.4
	1.35	1.94	6.58	19.06	3.10	6.56	43	8.8	67.1	99.2	136.2	115.0	287.0	89.3
Fruits and Vege- tables, Canners (20)	3.39	0.92	29.05	53.05	6.12	15.68	15	6.8	27.8	22.9	50.0	67.6	68.0	10.9
	1.81	2.90	17.44	26.95	3.97	11.19	22	5.7	51.8	50.2	140.4	133.0	78.6	70.9
	1.27	1.71	8.68	19.82	3.56	6.42	53	4.4	74.8	103.6	210.0	275.8	96.0	80.0
Fur Garments (36)	5.87	6.32	24.90	34.35	7.48	9.46	22	15.4	1.0	19.8	...	30.6	52.7	...
	2.83	3.49	13.75	16.83	3.39	3.77	46	9.8	2.2	48.2	...	61.9	114.8	...
	1.77	1.66	9.55	10.21	3.03	3.28	56	4.0	8.8	84.4	...	82.0	169.0	...
Furniture (126)	7.40	4.57	12.57	25.01	4.15	5.84	16	11.7	11.5	14.4	24.9	27.4	41.2	7.0
	3.51	3.31	9.76	13.68	2.79	4.74	27	7.9	29.7	24.8	58.2	47.1	74.7	60.1
	2.20	2.23	6.85	9.82	1.64	2.91	49	5.2	44.5	54.7	85.8	76.0	119.5	73.9

tempted to solve this basic economic dilemma.

First wampum, then products such as beaver skins, tobacco, beef, wheat, pork, corn, and rice became mediums of exchange. As trade developed with the West Indies, Spanish coins crept into circulation, augmented now and then by the booty of pirates who brought their pieces of eight into Bos-

ton, Philadelphia, New York, and Charleston. But the supply of currency was always low or nominal. As a result of this lack of metallic currency, and the existence of unstable colonial paper currency with limited circulation, letter-books of colonial merchants abound with dunning letters; debtors who were often financially responsible would allow obligations to run along

year after year for the simple reason they lacked the currency, they lacked a sound medium of exchange with which to pay their obligations.

Over the entire period of our colonial life this inadequate volume of metallic currency as a medium of exchange was the ever present handicap to be overcome for carrying on commerce. Very little manufacturing was carried on out-

Fourteen Important Financial Ratios

Line of Business (and Number of Reporting Concerns)	Current Assets to Current Debt	Net Profits on Net Sales	Net Profits on Tangible Net Worth	Net Profits on Net Working Capital	Turnover of Tangible Net Worth	Turnover of Net Working Capital	Average Account Collection Period	Net Sales to Inventory	Fixed Assets to Tangible Net Worth	Current Debt to Tangible Net Worth	Total Debt to Tangible Net Worth	Inventory to Net Working Capital	Inventory Covered by Current Debt	Funded Debts to Net Working Capital [†]
	Times	Per Cent	Per Cent	Per Cent	Times	Times	Days	Times	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
FOR 36 MANUFACTURING INDUSTRIES—1943														
Hardware and Tools (80)	3.29	4.27	19.45	42.30	6.69	15.71	22	14.7	20.5	25.9	49.8	47.7	86.7	3.7
	1.87	2.47	11.34	21.38	4.44	8.95	32	9.2	35.0	58.6	96.7	72.0	190.5	60.7
	1.26	1.50	5.42	12.28	2.37	5.08	52	7.0	53.9	156.5	230.2	100.5	414.1	81.4
Hosiery (75)	3.88	4.98	13.66	36.55	5.62	12.38	21	15.0	28.1	19.0	25.2	32.1	65.7	10.8
	2.76	3.14	10.45	20.82	3.05	6.04	30	9.1	43.7	30.6	58.5	54.4	108.3	67.5
	1.77	2.18	7.50	13.76	1.85	3.36	45	5.9	52.6	52.6	81.0	97.1	195.5	115.2
Knitted Outerwear (73)	4.55	5.22	26.77	51.43	8.63	17.41	14	18.6	2.1	20.0	...	32.0	56.5	...
	2.44	2.85	21.85	24.55	5.10	8.27	22	12.0	13.7	42.0	...	64.0	85.4	...
	1.78	1.67	12.10	13.26	3.63	4.22	37	8.4	25.9	102.8	...	125.3	154.0	...
Leather Garments (24)	3.52	3.60	15.36	20.50	8.38	11.25	15	19.6	4.5	27.3	...	40.5	56.4	...
	2.53	2.12	12.67	15.05	5.92	7.02	24	11.9	6.5	54.6	...	75.4	95.5	...
	2.04	0.15	0.89	1.23	3.82	4.28	33	8.2	19.6	77.0	...	112.3	146.1	...
Luggage, Leather (22)	4.80	6.87	34.18	41.68	6.44	8.54	14	30.2	4.0	22.1	...	25.4	79.1	...
	3.34	3.14	16.38	18.74	5.46	7.19	18	22.9	7.1	36.1	...	37.8	125.1	...
	2.29	1.79	10.51	11.25	4.69	5.53	33	13.4	14.3	68.8	...	93.4	178.0	...
Machinery, Industrial (338)	3.57	6.25	22.04	43.87	7.22	9.56	21	20.8	19.6	20.7	54.5	58.6	74.2	10.2
	1.88	3.48	12.50	24.30	3.73	5.78	39	7.9	34.1	62.1	100.5	75.2	172.6	56.8
	1.41	1.89	7.90	12.24	2.39	3.58	53	4.8	49.0	121.6	177.6	113.1	235.1	75.5
Metal Stampings (85)	3.49	5.47	19.37	52.10	5.27	16.00	19	23.4	21.4	21.5	43.2	24.9	90.2	9.2
	1.94	2.81	12.31	29.45	3.83	8.93	29	12.8	40.5	49.1	56.8	60.0	187.4	42.8
	1.41	1.34	6.40	14.12	2.49	5.34	36	7.6	57.7	97.1	113.3	99.7	304.6	65.3
Neckwear, Men's (38)	7.66	4.23	28.15	28.90	10.04	10.37	18	21.2	1.4	12.4	...	17.1	61.4	...
	3.58	2.29	11.12	14.00	6.47	7.68	25	13.1	4.8	28.8	...	42.0	78.6	...
	2.08	1.09	8.06	8.24	3.94	4.52	32	7.5	5.4	48.1	...	68.5	146.4	...
Paints, Varnishes and Lacquers (124)	5.63	4.50	12.96	24.41	4.19	6.69	16	9.1	13.9	14.2	15.0	47.0	35.0	10.8
	3.27	2.65	7.32	13.93	2.58	4.73	34	6.8	24.2	27.2	38.8	61.9	66.4	69.1
	2.28	1.74	5.20	7.06	1.65	2.92	44	4.4	42.7	48.7	75.3	85.9	102.7	85.5
Paper (46)	4.17	5.58	8.85	24.81	2.28	6.28	20	9.3	41.7	12.8	27.9	43.0	63.9	28.2
	2.86	4.93	7.75	15.46	1.63	5.37	28	6.9	54.8	20.9	40.6	62.4	81.9	79.4
	2.07	1.64	3.70	10.16	1.31	3.32	34	5.8	68.2	30.9	79.6	76.3	128.6	93.1
Paper Boxes (47)	3.86	8.52	13.86	33.78	3.64	12.19	12	21.3	25.7	20.0	26.5	29.9	82.5	2.4
	2.58	3.55	10.79	21.75	2.78	6.94	22	16.0	41.2	27.6	38.6	53.5	125.3	65.4
	1.87	3.05	7.78	17.09	2.06	4.69	44	9.3	60.9	44.5	145.6	83.0	164.1	82.9
Printers, Job (54)	4.22	4.66	15.28	28.18	3.37	7.46	34	*	29.4	16.4	31.2	*	*	24.8
	2.58	3.11	9.42	18.50	2.53	6.84	41	*	47.5	30.1	42.0	*	*	73.1
	1.98	2.02	5.65	13.20	1.69	3.74	51	*	60.7	44.8	68.5	*	*	84.7
Purses and Handbags, Leather (37)	3.81	7.06	43.00	50.41	16.97	20.70	15	25.4	4.7	23.7	...	40.0	54.1	...
	2.25	2.71	34.40	35.00	7.29	10.38	18	20.1	11.4	48.5	...	62.4	124.1	...
	1.74	1.62	14.51	24.31	4.65	6.25	29	8.3	103.3	103.3	97.6	...	203.5	...
Rayon and Acetate Piece Goods, Converters (46)	9.72	4.54	21.25	23.10	8.79	10.15	15	22.7	0.7	11.5	...	23.0	48.9	...
	3.25	3.34	14.54	18.60	4.95	5.94	25	10.7	1.5	34.2	...	53.0	82.4	...
	1.96	1.40	4.95	7.20	2.07	2.88	31	8.7	18.3	72.3	...	85.1	131.6	...
Shirts, Underwear and Pajamas, Men's (56)	5.85	6.12	15.60	30.82	6.80	7.61	16	15.0	2.3	18.5	...	41.5	43.8	...
	3.02	2.93	12.01	14.56	4.54	5.78	23	8.3	9.2	37.5	...	77.6	80.8	...
	1.84	1.94	8.90	10.46	2.94	3.72	43	5.5	20.5	59.3	...	107.2	106.9	...
Shoes, Women's and Children's (64)	3.32	3.74	21.92	25.70	8.64	12.88	12	22.9	8.6	34.2	...	62.6	63.9	...
	2.33	2.70	15.12	19.50	4.64	6.05	29	11.3	20.3	55.5	...	79.9	92.4	...
	1.82	1.70	10.14	11.26	3.07	4.78	36	6.4	26.1	92.5	...	122.3	128.6	...
Underwear, Women's Rayon and Acetate (75)	5.70	3.13	17.48	24.18	9.67	11.08	21	24.7	4.5	14.1	...	32.9	46.6	...
	3.67	1.76	11.55	14.26	5.44	7.50	24	17.4	10.2	30.7	...	46.0	79.6	...
	1.92	1.29	8.57	9.74	3.45	4.61	56	9.1	26.7	59.6	...	70.6	219.9	...

[†] Computed only for those lines of business in which a reasonable number of concerns had outstanding long-term liabilities.

[‡] Building contractors have no inventories in the credit sense of the term. They only carry materials such as lumber, bricks, tile, cement, structural steel, and building equipment to complete jobs on which they are working.

They have no customary selling terms, each contract being a special job for which individual terms are arranged.

* Job printers have no inventories in the credit sense of the term. They only carry current supplies such as paper, ink, and type metal.

Explanations and definitions of terms will be found on page 52.

side of ship-building and what little there was, represented small scale business, far removed from the industrialization of today which calls for tremendous investments in factories, machinery, transportation systems, and power plants. Business in 1790 was largely foreign commerce and local trade, importing, exporting, wholesaling, and retailing.

Hamilton knew these problems of the colonists; they were also the daily problems of his own business friends and close neighbors. His partial solution of this ever present basic economic problem was the proper funding of the debt which could then be used, where necessary, as day-to-day currency, or to settle obligations. A ready stable market would exist for the bonds of the Federal Government, if the interest was paid promptly, just as a ready market exists today for securities listed on the New York Stock Exchange. Bonds of the Federal Government would thus represent monetary capital to the owners, their personal incomes would be supplemented by the quarterly receipts of interest payments; or their individual holdings of securities could be sold when expedient, and the funds used in industry or commerce. This is the thread which runs through the three arguments which Hamilton used so cogently to support the proper funding of the existing Federal and State debts.

One of our modern economists has explained that "Hamilton wanted to achieve certain goals for the new government. He could not achieve the

ends he sought without the Federal Government's incurring a large public debt." This statement is exaggerated to the extent that the initial debt was not "large;" otherwise the statement is reasonable, but only if the reader is familiar with the economy of 1790. To the typical layman of 1945, this explanation may carry the implication that Hamilton believed the new Federal Government under the Constitution should spend hundreds of millions of dollars, as we, during the past decade and one-half have spent billions.

Hamilton, of course, had no such idea. He was not advocating that the Federal Government spend a single penny. His sole idea was that the new Federal Government show good faith by making good on existing contract obligations of the Continental Congress and of the thirteen States, on both principal and past due interest. No statesman could have done less.

Funding of National Debt

Near the end of his *First Report on the Public Credit*, he not only specifically mentioned, but in the same careful terms and analysis that he had used to indicate the necessity of assuming all existing obligations to establish firmly the credit of our new nation, Hamilton explained why he could not agree with those who believe that "public debts are public benefits." The theory that a large national debt is advantageous is not particularly new! Hamilton then continued to reason that those who believe public debts are public benefits represent "a position inviting

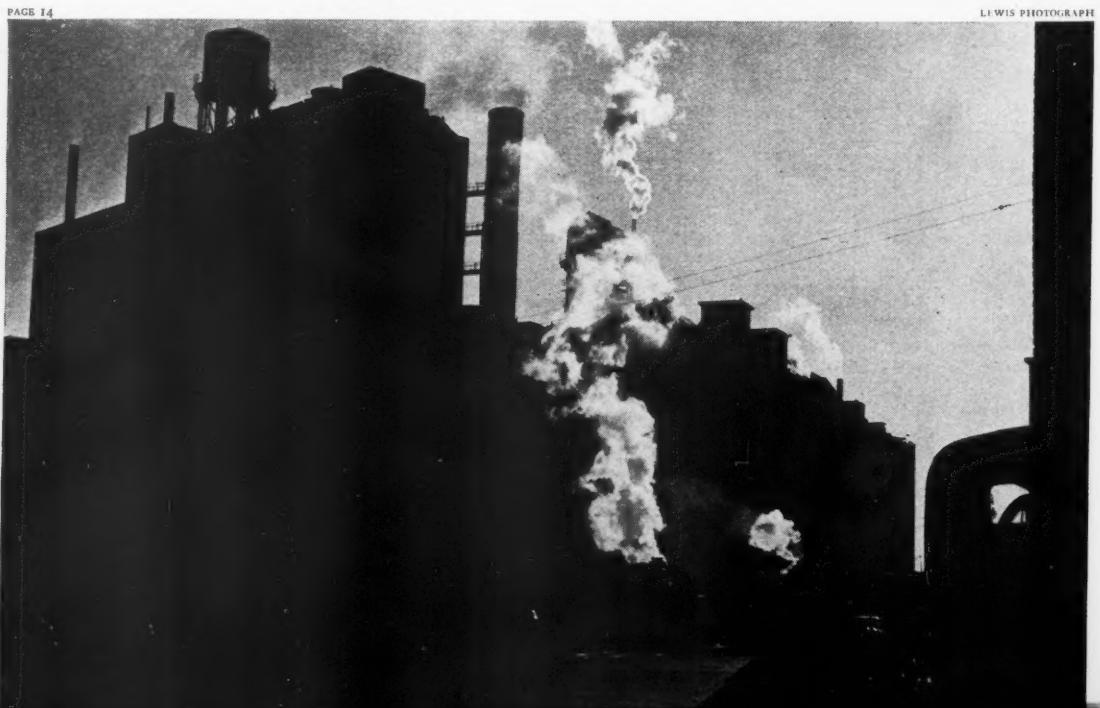
to prodigality and liable to dangerous abuse." He ardently wished "to see it incorporated as a fundamental maxim in the system of public credit of the United States, that the creation of debt should always be accompanied with the means of extinguishment." Such a policy he regards "as the true secret for rendering public credit immortal."

No public debt should be created, unless simultaneously, Congress should enact tax legislation which would pay off the debt to be incurred within a reasonable number of years. Following this explanation Hamilton suggested a plan under which the profits of the Post-Office would be used for this purpose "until the whole of the debt shall be discharged." What could have been more definite, determined, or planned?

This viewpoint of reducing the national debt, as rapidly as possible, appears over and over again in Hamilton's writing. Probably the second most explicit statement appeared in his lengthy and exhaustive report on *Industry and Commerce*. Here, he wrote with great practical emphasis, "And as the vicissitudes of nations beget a perpetual tendency to the accumulation of debt, there ought to be, in every government, a perpetual, anxious, and unceasing effort to reduce that which at any time, exists, as fast as shall be practicable, consistently with integrity and good faith."

With this re-orientation of the national debt philosophy of the financial

(Continued on page 40)



PAGE 14

LEWIS PHOTOGRAPH

POLICY CHOICES on RECONVERSION CONTROLS

III Selection of WPBs Post V-E Day Measures

EDWIN B. GEORGE

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THE WPB was confronted with widely varying opinions on the business outlook after V-E Day. Paradoxically, the most serious problems of judgment were posed by the most cheerful forecasts. A strong business upsurge could fill a substantial part of the void left by military cut-backs, and preserve or even intensify some of the familiar war shortages in materials and components. Rarely, however, were shortages thought likely to be so severe as to embarrass the Japanese campaign.

The first judgment that had to be made therefore was on the extent to which a War Production Board was legally entitled and morally obliged to use its powers to ease the transition of the national economy from war to peace. Specific issues arising under the general policy problems were discussed in the November 1944 DUN'S REVIEW. To the extent such responsibility was accepted, WPB had to make the additional hard decision as to which controls, out of its bulging war arsenal, it would need to retain beyond the minima indicated for protection of direct military claims.

WPB already had experience with many types of controls from which to make its choice. There could be rigid allocations of materials and components, simple preference ratings, unit production schedules on a plant-by-plant basis, routing of components to selected plants for selected purposes, controls over the distribution of end-products themselves, industrial and commercial rationing. Mechanisms for applying controls at these various points could still include precautionary remnants of the Controlled Materials Plan (CMP); selected L and M Orders; extended or limited preference rating bands with broad or detailed groupings of products within them; deferred, suspended, or over-allocations;



LOADING OIL BARGES AT BATON ROUGE—ROSSKAM PHOTOGRAPH FROM STANDARD OIL COMPANY (N. J.)

tions; deferred ratings; coordination of allotments or ratings with manpower ceilings, manpower field checks; and combinations of them shifting and tapering over time.

A few words as to the general structure within which these controls played their several parts may be useful. The Controlled Materials Plan (CMP) was

its not completely centered keystone. CMP had two big purposes, one direct and one indirect. Steel, copper, and aluminum were then short and had to be measured out, always within available supplies, to the purposes most useful to the war. Steel, copper, and aluminum also happened to be key materials, in the sense that they entered

largely in the aggregate into all war production and therefore were presumed to set rough limits to the demand for other materials. This indirect control through these three key materials became less conspicuous as their demand and supply were stabilized, and in part lost force as the status of supplies and the composition of war and civilian programs altered.

Leather, textiles, paper, lumber, Oriental commodities, and some of the more highly specialized metals and metal forms came into their own moments and months of narrow glory as bottlenecks. The other types of controls were addressed primarily to individual materials, components, or special situations, and worked partly within and partly without the orbit of CMP, with many of them antedating it. Now that all that has happened on the way up to production peaks, resulting in a control edifice made up largely of ells and wings, what should happen on the way down?

It is well to emphasize at the outset that under all plans and concepts, regardless of the particular devices used, any extensive relaxation would have the effect of a shift to reliance on priorities for most purposes. This could be true even under a small scale continuance of CMP as will be shown below. The plans that seem to have been given most active consideration include the following:

1. It is obviously possible where other than controlled materials are short to scrap the Controlled Materials Plan (CMP)* and fall back on a combination of Limitation (L) Orders, Materials (M) Orders (including Conservation), and preference ratings to accomplish the purpose of protecting areas of essential production. CMP's principal forte has been to control the big tonnage products by the amount of

*Water at two hundred and twelve Fahrenheit
Dies, and the ghost with scalding breath
Changes the incident of death
To symbols of its sudden might.*

*Though Hero made the turbine spin
With fury of the water's ghost
All of its pulsing breath was lost
Till James Watt locked the power in.*

*And the ghost is doing a giant's job
For the wraith of steam is everywhere
Writing its symbols on the morning air
As pistons slide and turbines throb.*

A. M. SULLIVAN

material allocated. If there still has to be some restriction of big consuming industries consistent with an obligation to stimulate civilian production generally, L Orders would be better precision instruments than CMP material allocations, however carefully measured. They would limit by a specific number of units or percentage of a base period. This specific treatment would be particularly pertinent for small items, or items where materials were not the principal factor, or where it was desirable to control special types and models of a general product category.

Basically, this approach would signify a belief that if a few big consuming industries, or more properly the consumption of still critical materials and components, were kept within bounds for a brief period, there would be no risk of shortages for other essential industries. In addition, the Spot Authorization Plan (see the October DUN'S REVIEW, page 24) with its field labor checks is applicable only to products governed by selected L and M Orders.

If controlled materials have to be allocated, reliance on L and M Orders

would be more complicated than the more general CMP approach. They usually carry an assortment of "do this and don't do that" clauses, ranging from specifications to end-uses; in fact their capacity for particularizing has been their principal reason for existence. Furthermore, in the view of the more cautious, a complete structural shift from CMP to L Orders would be confusing to industry quite apart from any nice balance in their comparative ability to serve new purposes. There has been in fact a large area of overlap. Finally, L and M Orders are essentially restrictive rather than creative with respect to the individual products to which they apply and after V-E Day most of them were expected to be out of season.

The L and M Order method would have another peculiar advantage in letting the public know what WPB was doing in a period in which

consumers had growing rights to an opinion of their own. CMP, limiting principally by failing to provide the means of production, would leave people more in the dark; the results of policy would be vaguely apparent but not the policy itself. Chairman Krug originally ruled that CMP was not to survive the quarter in which V-E Day occurs, and although this position appears to have been subsequently modified the stay of execution was for technical reasons only. At one time there had seemed to be considerable likelihood that on policy grounds as well it would be allowed to taper off during the subsequent quarter.

2. At the other extreme, is the suggestion that the CMP structure could be retained without any fatal inconsistency with a relaxation policy. It is a single, comprehensive device, with which industry is familiar and might possibly prefer to the dislocations of a sudden scramble. It is the best measuring rod available of the burden of revised military and expanded civilian production, and therefore precautionary while these remain in doubt.

* The governing principle of the Controlled Materials Plan was to allocate specific quantities of steel, copper, and aluminum to specific agencies and purposes over stated periods of time, always keeping total allocations however within estimated supply for each period.



SEAMEN'S CHURCH INSTITUTE, NEW YORK CITY—THORNTON PHOTOGRAPH

Steam

*Water at two hundred and twelve Fahrenheit
Dies, and the ghost with scalding breath
Changes the incident of death
To symbols of its sudden might.*

*Though Hero made the turbine spin
With fury of the water's ghost
All of its pulsing breath was lost
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Its emphasis in the new phase would be facilitating rather than limiting. It would be an easier CMP. Closed end controls, (that is, positive limitations) except for a few items like tin and crude rubber, cotton broad woven goods, and some chemicals, would doubtless be abandoned entirely, leaving a vast area of production completely unrated and free of WPB help or hindrance. Substantial reserves would have been set aside for discretionary but fairly liberal use by the operating divisions and field offices in response to applications. Copper and copper base alloy shapes now allocated separately under CMP would in all probability have been collapsed into the single item copper. The free steel provisions could be revised and the limits on individual applications raised.

The mills would have to be permitted to accept orders that did not bear a CMP symbol, which they could not do under the original plan. In that case, of course, it would no longer be a true CMP, the essential purpose of which was to balance effective demand with supply; its symbols would carry only the weight of a preferred claim

on the quantities specified, and a variation of the original preference system would once again be in effect for the so-called controlled materials.

It will be remembered that CMP and preference ratings have since inception of the former been complementary parts of a single system. A manufacturer secured his steel, copper, and aluminum through CMP symbols on definitely allotted quantities, and most of his other materials and components by preference rating. By controlling the CMP materials quantitative limits were imposed indirectly on the exercise of preference ratings for other materials and reinforced by inventory controls.

By V-E Day or shortly afterwards, it was presumed in some plans still contemplating retention of a skeleton CMP, that the old rating structure would be simplified and its customary six bands collapsed into first three and then two (barring directives and special ratings having the force of directives). There could be, as is later suggested, a band for military requirements and a band for essential civilian requirements. In the latter could go any programs still controlled quantitatively

through CMP, such as L Order quotas, specific authorizations, construction objectives, and approved exports. Maintenance, repair, and operating supplies might still qualify for self-assigned symbols and ratings.

The use of quantitative controls in such a program should not be misconstrued. They would be intended primarily to limit the amount of special assistance given through the rating and not to freeze production within those limits. Otherwise, because of overcrowding in the top brackets as in the early days of the war, the rating system might once more degenerate into an alphabetical memoir. Where adequacy of supply remained in doubt, rating floors on certain tight components and materials—which would forbid their sale except on rated orders—might still be retained to prevent leakage from warehouses and other stocks into unimportant uses.

Obviously these several control elements would lend themselves to many arrangements, and where distinctions are heavily of degree there is no profit in a catalog of permutations and combinations. The patterns can actually be made to look very neat. Assume, for example, a combination of (1) firm ACM's (quantitative allocations of controlled materials), (2) deferred Z allocations (quantitative but to be effective only after all ACM orders are filled; see the October DUN'S REVIEW, page 28), and (3) permission to mills to roll orders carrying no CMP symbol after the above two classes of preferred orders were filled; this CMP pattern to be supplemented by (4) a similar authorization to producers of components and non-controlled materials to accept unrated orders after those carrying preference ratings were filled. This particular combination was in fact at one time seriously considered.

3. Reduction of the CMP to the status of a rating band obviously suggests as the next stage of simplification rating bands without CMP.

It would seem to be a simple matter to announce the existence of a secondary rating band (the primary band would be reserved for direct military programs only) and install in it any quota of civilian production that seemed to be (1) important to the Japanese war indirectly or re-employment directly, and (2) in need of critical materials or components. After all the award of a rating would not put a war-style ceiling on the amount of output to be per-





JERSEY CITY DOCKS—THORNTON PHOTOGRAPH

mitted. The limit would be merely on the amount of production to which special assistance was being given, without any suggestion of interference with production in excess of that amount if industry could manage it. However, this is easier to say than to do. Philosophical objections return in force (see the November DUN'S REVIEW, page 13).

A commitment to rate would mean a commitment to measure relative importance on a quantitative scale. A commitment to measure relative importance would be at odds with the traditional principle that wants are best evaluated by their demand as expressed in the market place. Choice involves both approval and disapproval, and would incur the vigorous resentment of those not favored. No abstract table of peace-time values has yet been devised in this country that would satisfy competitors in either production or consumption. To some the act of judging would be even more offensive than the judgments. Thoughts such as these must at least have crossed the minds of officials responsible for the final decision.

It is sufficiently apparent that the men, whether of industry or Government, who oppose even a mechanically

simple second rating band do not tremble over the prospect of V-E Day shortages. Their reasoning would appear to be that the need to get business going again and avert the peril of unemployment is the dominant consideration, in comparison with which the "just in case" doctrine is tenuous. If there is to be a "safety" issue, it is a dilemma. There could be a danger of fleeting embarrassment to the Japanese war program; there could be an economic crisis not so easily mended. They do not fear a crisis created by shortages and price inflation, but one from unemployment.

A variation of this plan is to set up merely an originally empty second band which could be used for spot relief. The advocates of this idea had no desire to lay out American production in planned squares but recognized that crises could arise requiring a little more systematic care than spasmodic intervention by WPB personnel could provide. As a matter of fact, if such a band were established it would be an additional tool in the hands of the industry divisions for relieving spot distress. By way of example, a second level rating could be given on application to construction projects for the pro-

curement of pumps to clear a flooded area. The real issue implicit in these arguments is whether there will be many serious shortages and whether emergencies are likely to be numerous. If the answer to both questions is yes, there would presumably have to be more systematic ways of providing relief than through the agility of WPB personnel. For example, ratings could be assigned in advance to production areas conforming to carefully established criteria of importance. This in fact was the original third concept, and was criticized in the previous paragraph. And it runs into the acute programming issue discussed in the November 1944 DUN'S REVIEW.

This talk of a retreat to ratings has a small dramatic significance. Whether single or multiple their adoption would be a sign that simple indicators of relative importance would be enough to keep the war economy moving briskly along. We would then be going out of the war as we went in. The cliche of 1941 was that preference ratings were adequate as long as supply was adequate. It may still be that of 1945.

There can not of course be a clear choice from among these three general

(Continued on page 55)

THE TREND OF BUSINESS

SUMMARY: Production continues at a high level, close to last year and well above all previous years; inventories have been gradually reduced. Employment and payrolls are moderately below last year. Consumer income rose less than seasonally; retail volume continues to exceed that of last year.

IN October and November the level of industrial production changed little from the two preceding months; current data indicate that irregular and small movements downward have occurred throughout the year. However, 1944 draws to a close with a noteworthy industrial record—even with or close to the peak 1943 level and well above all earlier years.

The value of manufacturers' shipments has increased in recent months and is slightly higher than last year. Non-durable goods have accounted for a considerable part of the increase; shipments of durable goods are at last year's level (USBFDC). In September munitions production was down slightly from the previous month, but was 7 per cent over a year ago. Recent estimates point to a further falling off with output steady with or slightly below the very high level of November 1943. Aircraft, representing over 25 per cent of all munitions output, totalled 7,429 planes in October, against a total of 8,362 planes in October 1943. Shipbuilding output at 145 ships, boosted the year's total to 1,378 vessels.

Manufacturers' inventories which had accumulated to the extent of \$17.9 millions in 1943, largely for the filling of war orders, have been very gradually reduced. This decline is not characteristic of all industries, but applies principally to stocks of raw materials of some durable commodities used directly in war production. For the group iron and steel and their products, inventories have dropped about 6 per cent since January and 8 per cent from last year. Lead inventories have increased as consumption remains steady. Zinc slab stocks rose to a new high while output dropped 18 per cent in the past ten months. With an increase in refined copper shipments in October, stocks have decreased in recent months; output has dropped about 12 per cent below the 1943 monthly average.

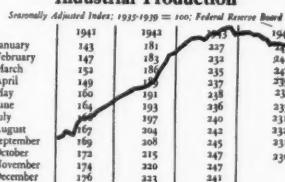
In some non-durable lines, lower inventories reflect supply still short of the peak wartime demand. A decrease of 13 per cent since January in inventories of textile mill products has prevented any better supply for civilians. Cotton stocks were reduced as mill consump-

tion falls steadily, now about 10 per cent below 1943. Domestic shipments of rayon yarn rose 10 per cent in October; stocks held by producers were 7 per cent below a year ago.

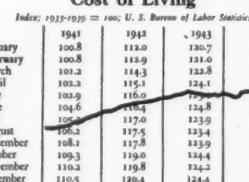
Inventories of paper and allied products have increased in recent months and are about 7 per cent larger than last year. No easing in stocks of paper and paperboard has occurred for civilian users, however, as Government needs have mounted.

The number of spot authorizations for the manufacture of civilian goods under PR 25 has increased but the number per week has not noticeably grown. To November 7, 1944, about 1,900 authorizations with production schedules of \$291,137,000 for the present quarter and for 1945 so far have affected primarily small plants, those with less than 50 workers. WPB Region II (New York) leads in authorizations followed closely by Region I (Boston), Region X (San Francisco), and Region VI (Chicago). Consumer durable goods, farm machinery, plumbing and heating equipment, and building material are the principal products authorized.

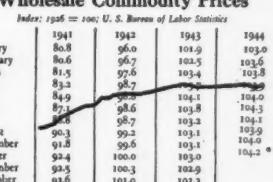
Industrial Production



Cost of Living

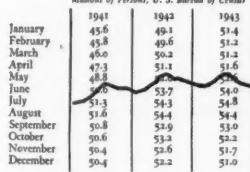


Wholesale Commodity Prices

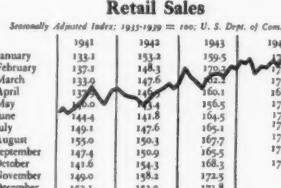


Employment

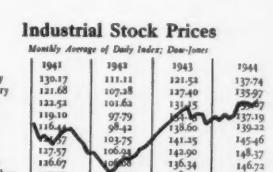
Millions of Persons; U. S. Bureau of Census



Retail Sales



Industrial Stock Prices



* Approximation; figure from quoted source not available.

REGIONAL TRADE REPORTS

The DUN'S REVIEW TRADE BAROMETERS (1935-1939 = 100) are compiled under the supervision of Dr. L. D. H. Weld. In this summary the seasonally adjusted figures are used. The information on regional trade is gathered through local DUN & BRADSTREET offices. Payroll and employment figures are from Government sources. More detailed data are available in DUN'S STATISTICAL REVIEW. The barometer figures may be obtained in advance of publication.

Sept. % Change from
1944 Aug. '44 Sept. '43

UNITED STATES

179.9 - 0.9 + 5.1

1. NEW ENGLAND

150.2 + 4.6 - 1.8

2. NEW YORK CITY

148.7 - 10.0 + 6.4

**3. ALBANY, UTICA,
SYRACUSE**

160.3 + 8.4 + 8.2

**4. BUFFALO,
ROCHESTER**

166.2 + 3.2 + 4.1

**5. NORTHERN
NEW JERSEY**

145.6 + 8.3 + 1.4

6. PHILADELPHIA

166.5 + 8.5 + 4.6

7. PITTSBURGH

162.2 + 9.9 + 4.7

8. CLEVELAND

182.3 - 2.3 + 5.1

**9. CINCINNATI,
COLUMBUS**

177.3 - 1.6 + 4.8

**10. INDIANAPOLIS,
LOUISVILLE**

203.0 + 1.3 + 4.4

11. CHICAGO

168.4 - 2.7 + 1.9

12. DETROIT

173.2 - 18.5 + 2.6

13. MILWAUKEE

184.0 - 2.1 + 4.2

**14. MINNEAPOLIS,
ST. PAUL**

159.8 - 1.1 + 2.4

**15. IOWA,
NEBRASKA**

177.8 - 0.3 + 6.5

16. ST. LOUIS

169.5 + 0.7 + 5.0

17. KANSAS CITY

188.1 + 0.7 + 9.9

**18. MARYLAND,
VIRGINIA**

200.8 + 5.2 - 1.8

**19. NORTH,
SOUTH CAROLINA**

213.0 + 2.7 + 8.3

**20. ATLANTA,
BIRMINGHAM**

226.6 - 0.8 + 17.8

21. FLORIDA

259.5 + 0.7 + 12.2

22. MEMPHIS

204.5 - 5.8 + 3.3

23. NEW ORLEANS

217.4 + 8.1 + 5.2

24. TEXAS

222.8 + 2.3 + 7.8

25. DENVER

162.5 + 1.8 + 3.8

26. SALT LAKE CITY

182.4 - 2.3 - 1.7

**27. PORTLAND,
SEATTLE**

216.1 - 3.1 + 5.8

28. SAN FRANCISCO

199.5 + 7.4 + 11.0

29. LOS ANGELES

197.0 + 4.8 + 8.3

HIGHLIGHTS OF TRADE ACTIVITY

Adjusted index fractionally below August but above 1943. Thirteen regions had a better than average yearly gain.

One of three yearly barometer drops here. Cotton mill consumption at best level since last April but well below 1943.

Large monthly drop but favorable yearly gain. Retail volume well above 1943. Wholesaling picked up in October. Manufacturing employment steady; payrolls gain.

Sharp increase pulled up yearly comparison; index now 11% below national level. Manufacturing employment dipped slightly from last month and is below 1943; payrolls off moderately from last year.

Monthly change favorable but index 8% below 1943. Buffalo factory employment off 13% from 1943. Rochester off 3%, Elmira up. Payrolls up about 5% over 1943 in Rochester, Elmira; off 5% in Buffalo.

Barometer remains well below national index despite excellent monthly increase. Newark, Jersey City, and Elizabeth report annual declines in year-to-date industrial employment comparison; Paterson up.

Better than average monthly gain boosts index, now only moderately below country's level. Industrial employment continued to drop.

Excellent monthly change puts index in more favorable comparison with U. S. Erie factory employment and payrolls off 12% from 1943; Pittsburgh employment off 1% but payrolls up moderately.

Barometer changes followed national; index almost even with U. S. Labor shortages still evident. Estimated 18% drop in corn output.

Yearly and monthly changes slightly below average; index continues to trail national. Output of corn, oats, hay, and soybeans off; fruit crops well over 1943.

Index remains above national; barometer changes favorable. Fort Wayne industrial employment below 1943. Fruit and truck crop marketings 13% over 1943; Livestock up 6%.

Unfavorable monthly and yearly barometer changes; index 6% below U. S. Illinois industrial employment records slight monthly drop.

Largest monthly decline pulled index under national level. State factory employment off about 5% from 1943; payrolls down 10%.

Index above national despite unfavorable comparisons. Wisconsin industrial employment off about 5%; payrolls down slightly.

Small yearly rise and greater than average monthly drop holds index 11% below U. S. Barley yields in Minn., Mont., and South Dakota below earlier prospects; Minn. corn output well above 1943.

Despite favorable monthly and yearly comparisons, index stays below national barometer. Nebraska corn output record high; Iowa down slightly from 1943; oats and soybeans also off.

Index 6% under national. Missouri cotton crop up 14% over 1943; grain sorghums up 11%; corn up 25%.

Index 5% over U. S. Oklahoma cotton output above 1943; corn up 52%, sorghums double; Kansas corn up 35%, grains more than double.

Yearly drop largest of three declines but index 12% over U. S. Richmond cigarette output off 12% from 1943. Maryland industrial employment off about 18% from 1943; payrolls down 12%.

Index maintains sizable gain over U. S. barometer; comparisons favorable. Tobacco crop yields improved; peanut crop prospects up. Harvests delayed due to insufficient labor.

Index 27% over U. S. Cotton later than usual but progress good. Georgia peanut crop prospects below earlier expectations. Cotton textile activity 15 to 20% below record 1942 level.

Index reaches another peak, 44% above national. Citrus fruits damaged by hurricane but cannery salvaged large portion.

Index 14% over national. Tennessee crop conditions favorable; Mississippi corn progress lagging slightly.

Favorable comparisons; index 21% above U. S. Quality of Louisiana cotton hurt by excessive rains; other crops in good condition.

Index 24% over U. S. Corn output estimated 26% below 1943; cotton off 11%; grains up 18%; pastures in favorable condition. Sizable employment gains maintained in most cities.

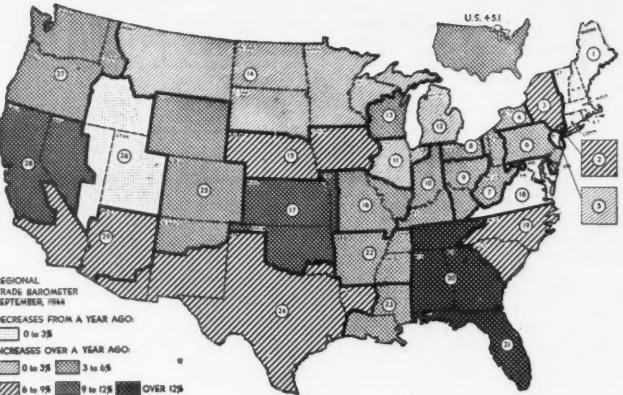
Yearly rise small; index 10% under U. S. Colorado corn crop 4% above 1943; grains up 38%. New Mexico corn and cotton crops up 4%; grains more than triple.

Despite unfavorable comparisons index is slightly above national. Utah barley yields up; Idaho potato crop off due to early frosts.

Barometer 20% above U. S. Lumber output slightly improved from recent months. Portland and Tacoma factory employment down about 8% from 1943; Seattle and Spokane about even.

Index 11% over 1943. San Francisco industrial employment off 12% from 1943. San Joaquin Valley orange crop below 1943 record.

Barometer comparisons favorable. Los Angeles factory employment 14% under 1943. Arizona corn, cotton, grain, and orange crops above last year; grapefruit off.



Employment—Factors influencing the labor market are mixed, but, with output tapering off slightly, the over-all situation is no less favorable than in past months. Manpower shortages, however, still do exist in many war production centers. The number of employed dropped further to 52,240,000 in October which is approximately the October 1943 level. For the first time in the war period, the number of women working in factories dipped below the level of a year earlier. Favorable influences have helped to offset these declines. The average length of the work week has remained high and labor turnover has been fairly stable in the past year and a half although this level is well above 1939 figures.

Whereas all non-agricultural employment has zigzagged with a downward tendency, this pattern is not typical of all industries. Manufacturing employment was 8 per cent below October 1943 with a larger yearly decline estimated in November. Construction employment has dropped only slightly this year after declining almost steadily throughout 1943. In contrast, for the transportation and public utilities classification and also for the wholesale and retail trades, employment has increased since January and is greater than in October 1943. The largest increase over last year, one of 10 per cent, was for the finance classification.

Income—Income payments to individuals rose less than seasonally in September; the adjusted index of the Bureau of Foreign and Domestic Commerce dipped from the record peak in August. Factory payrolls have dipped almost continually, by September a decline of 5 per cent had occurred. Income from farm marketings rose less during September than in September 1943; the increase in the year to date has been little more than half that in



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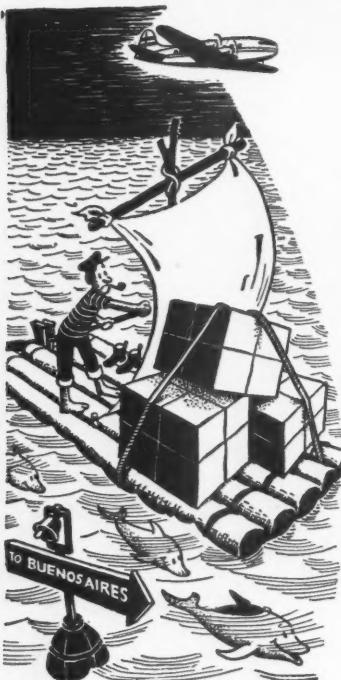
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the same period of last year. Average hourly earnings have increased since the beginning of the year although the rise has not been a steady one.

Prices—Fluctuations in wholesale commodity price levels remained fractional for another month. Seasonal influences increased prices for eggs, livestock, and some vegetables. Prices received by farmers stood at the same level as October 1943, but were higher than during the Summer months. Except for prices of foods and farm products, wholesale prices remained nearly stationary, less than 2 per cent above last year's figure.

The retail price level also was almost unchanged; a fractional increase over last year occurred mainly from the

WHOLESALE FOOD PRICE INDEX

The index is the sum of the wholesale price per pound of 31 commodities in general use:

	1944	1943	1944
Nov. 21. \$4.07	Nov. 23. \$4.04	High \$4.07 Nov. 21	
Nov. 14. .45	Nov. 16. .43	Low 3.08 May 23	
Nov. 7. .43	Nov. 9. .43	1943	
Oct. 31. .42	Nov. 2. .40	High \$4.12 May 18	
Oct. 24. .42	Oct. 26. .43	Low 4.00 Dec. 21	

DAILY WHOLESALE PRICE INDEX

The index is prepared from spot closing prices of 30 basic commodities. (1930-1932 = 100).

Week	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
Nov. 25. .171.65	.171.06	.172.21	Holid'y	.172.35	.172.41	
Nov. 18. .171.73	.171.70	.171.86	.171.63	.171.68	.171.68	
Nov. 11. .172.01	Holid'y	.171.82	.172.46	.172.61	Holid'y	
Nov. 4. .172.31	.171.08	.171.82	.171.78	.171.79	.171.75	
Oct. 28. .172.35	.172.66	.172.78	.172.57	.172.47	.172.49	

BUILDING PERMIT VALUES—215 CITIES

Geographical Divisions:	October 1944	1943	% Change
New England.....	\$2,160,903	\$2,466,736	— 12.4
Middle Atlantic.....	64,759,094	4,589,303	+ 1,311.1
South Atlantic.....	3,800,766	5,160,113	— 26.2
East Central.....	14,100,158	13,828,420	+ 2.0
South Central.....	7,080,060	3,681,007	+ 92.6
West Central.....	3,276,880	1,848,356	+ 77.3
Mountain.....	1,870,096	958,858	+ 95.1
Pacific.....	8,370,608	15,695,012	— 46.7
Total U. S.	\$105,428,468	\$48,227,985	+ 118.6
New York City....	\$60,329,467	\$2,230,188	+ 2,605.1
Outside N. Y. C.	\$45,099,001	\$45,997,797	— 2.0

small rise in the women's apparel group.

The cost-of-living decreased fractionally to 126.4 in October; the first monthly decline since last February (USBLs). The harvesting of the crops brought a decline in food prices in most areas; the Pacific Coast is reported to be an exception.

Trade—Early November estimates now point to a greater retail volume than in the record November of last year. This, however, principally reflects the higher priced merchandise in demand rather than any appreciable increase in unit sales. While durable goods sales were about even with a year ago, non-durable sales (department stores, apparel stores, and eating and

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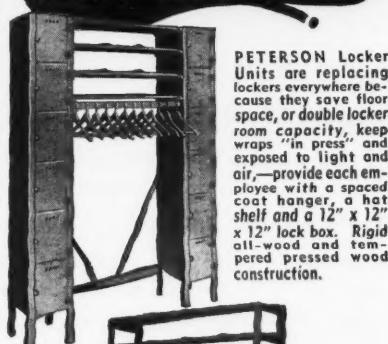
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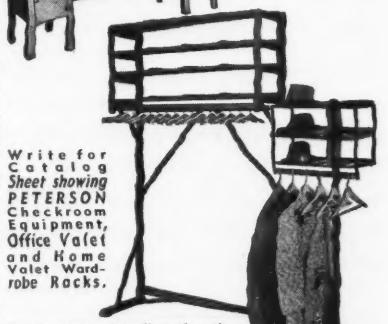
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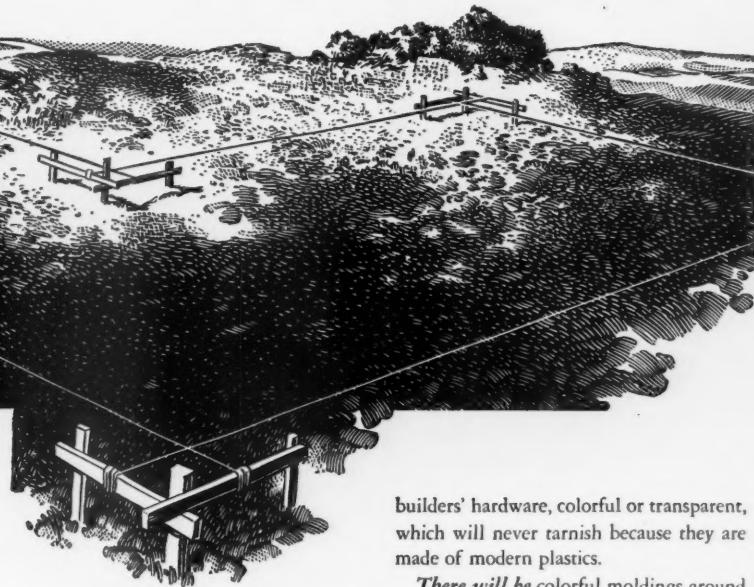
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Because special properties have been developed in synthetic textiles and plastics, these things are possible:

There will be slip covers, curtains and all-purpose fabrics with what is referred to by the scientists as "dimensional stability." This means that the everlasting remaking and lengthening of curtains and coverings after laundering will be a thing of the past. Celanese* synthetic yarns make this possible. It will add up to savings of millions of dollars and millions of hours of labor in both homes and public buildings.

There will be drapery materials entirely new in their decorative possibilities.

There will be upholstery fabrics more cleanable than ever before.

There will be shower curtains that will shed water like a duck—that will not stick or crack—that will be highly resistant to mildew and fungi.

There will be floor coverings luxurious in appearance but easy to clean.

There will be comforters with great warmth and beauty but extremely light weight.

There will be plastic lighting fixtures affording every range of delicate color—that will neither chip nor fade and that can readily be cleaned with a damp cloth.

There will be vacuum cleaners and other household appliances which will take advantage of the toughness and light weight of Lumarith* plastics. Their new appearance will last longer because of the surface permanence and clear-through color of these plastics.

There will be refrigerator parts and

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There will be colorful moldings around rooms which will furnish almost continuous plug-in outlets for electric attachments.

There will be attractive bathroom fixtures low enough in cost to be "expendable" when the urge for redecorating captures the household.

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drinking places), have run well over the record 1943 period. Chain store and mail-order sales have followed closely the record retail trade comparisons. Wholesale volume is close to that of last year.

Finance—With a rise of 2 per cent in the month and 27 per cent over a year ago, money in circulation reached another new high in November. Reserves of Federal Reserve banks have dropped steadily and on November 29 were 7 per cent below a year ago; the reserve ratio continued downward to the low level of 49.4. The banks have augmented their holdings of Government securities to the record amount of \$18,553 million.

Trading in the security markets was heavier in October; prices generally moved within a narrow margin, except for a sharp setback in the middle of the month. In the first half of November, prices had increased. "War" stocks have been more heavily purchased. Railroad averages have advanced.

Failures—October business failures numbered 74, the fourth new low in as many months. Changes in failures have been negligible since August, indicating that they may be levelling off at a low figure in the middle 70's. After a slight rise in September, the Insolvency Index—the apparent annual rate of failures per 10,000 business enterprises (adjusted for seasonal variation)—dropped in October to 5.2, the lowest rate on record, and less than half that of October 1943.

Liabilities of the concerns failing were approximately the same as in the previous October despite the fact that failures, in number, were only two-fifths those of a year ago. The lia-

BANK CLEARINGS—INDIVIDUAL CITIES (Thousands of dollars)

	October	1943	% Change
Boston	1,448,301	1,423,830	+ 1.7
Philadelphia	2,712,000	2,683,000	+ 1.1
Buffalo	281,530	260,037	+ 8.3
Pittsburgh	1,060,588	1,141,768	- 7.1
Cleveland	956,355	941,650	- 1.6
Cincinnati	473,647	435,993	+ 8.6
Baltimore	662,009	627,766	+ 5.5
Richmond	406,317	400,451	+ 1.5
Atlanta	669,500	622,900	+ 7.5
New Orleans	409,652	378,365	+ 8.3
Chicago	2,140,082	2,007,636	+ 6.6
Detroit	1,497,671	1,573,320	- 4.8
St. Louis	760,872	754,781	+ 0.8
Louisville	301,939	292,970	+ 3.1
Minneapolis	677,676	608,150	+ 2.9
Kansas City	849,795	830,942	+ 2.3
Omaha	321,659	327,750	- 1.9
Denver	265,502	260,758	+ 1.9
Dallas	510,273	480,178	+ 8.1
Houston	458,902	415,761	+ 10.4
San Francisco	1,291,355	1,181,108	+ 9.3
Portland, Ore.	321,023	342,724	- 6.3
Seattle	378,563	372,277	+ 1.7
Total 23 Cities	18,864,301	18,454,121	+ 2.2
New York	22,630,813	20,911,466	+ 8.2
Total 24 Cities	41,495,114	39,365,587	+ 5.4
Daily Average	1,659,805	1,574,623	+ 5.4

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- ✓ ... your chances for cost reduction through incentives? Or, have you been kidding yourself that your production was too varied and too small?
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- ✓ ... getting really acquainted with your supervisory force, and really selling them on their firm?
- ✓ ... grooming a new product for post-war sales to take up the slack during your conversion period and getting back to normal?
- ✓ ... giving your office payroll a real going-over and making sure that your business really justifies all the extra help you have put on?
- ✓ ... the advisability of bringing in additional professional engineering help to get your new products into production sooner, or have you satisfied yourself with the thought that the extra cost would be wasteful, when actually it costs less—(you'll not only get into production quicker and more efficiently, but you will balance the earnings against what you might think would be additional cost). Remember, too, when building up an engineering crew, you often must hire ten engineers to get one good one, and the extra money you would have to pay now could upset your entire force.

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bilities figure tends to be dominated by large failures (liabilities of \$100,000 or more) and these were as numerous in October 1944 as in the corresponding period of 1943 and involved even higher aggregate liabilities.

Manufacturing failures were 9 per cent below a year ago while failures in all other trade and industry groups fell 60 to 75 per cent below the number a year earlier.

Two-thirds of the States reported no failures in October, and over half the twenty-five largest cities went on record similarly. Some 45 of the month's 74 failures occurred in two geographic regions, the Middle Atlantic and the Pacific, and most of these were concentrated in the two States of New York and California.

THE FAILURE RECORD

	Oct. 1944	Sept. 1944	Oct. Per Cent 1943 Change†
DUN'S INSOLVENCY INDEX*			
Unadjusted	4.8	4.9	10.3 —53
Adjusted, seasonally... .	5.2	5.8	11.1 —53
NUMBER OF FAILURES	74	75	169 —56
NUMBER BY SIZE OF DEBT			
Under \$5,000.....	22	26	74 —70
\$5,000-\$25,000	32	30	69 —54
\$25,000-\$100,000	14	13	20 —30
\$100,000 and over.....	6	6	6 0
NUMBER BY INDUSTRY GROUPS			
Manufacturing	30	24	33 —9
Wholesale Trade.....	4	5	12 —67
Retail Trade.....	25	26	81 —66
Construction	11	12	27 —59
Commercial Service	4	8	16 —75
<i>(Liabilities in thousands)</i>			
CURRENT LIABILITIES.....	\$3,819	\$4,065	\$3,785 + 1
TOTAL LIABILITIES.....	\$3,973	\$4,365	\$4,030 — 1

*Apparent annual failures per 10,000 enterprises.

†Per cent change of October 1944 over October 1943.

FAILURES BY DIVISIONS OF INDUSTRY

	Number		Liabilities		
	(Current liabilities in thousands of dollars)	Jan.-Oct. 1944	Jan.-Oct. 1943	Jan.-Oct. 1944	Jan.-Oct. 1943
MINING, MANUFACTURING	298	508	18,583	17,009	
Mining—Coal, Oil, Misc...	10	24	1,007	923	
Food and Kindred Products	27	72	1,466	2,400	
Textile Products, Apparel..	23	79	593	2,201	
Lumber, Lumber Products..	48	60	3,163	1,530	
Paper, Printing, Publishing	22	78	322	2,140	
Chemicals, Allied Products	12	26	343	400	
Leather, Leather Products..	3	8	25	242	
Stone, Clay, Glass Products	10	19	579	301	
Iron, Steel, and Products..	14	26	320	1,007	
Machinery	77	45	5,074	4,106	
Transportation Equipment..	17	10	3,598	705	
Miscellaneous	35	61	1,283	874	
WHOLESALE TRADE	77	230	1,230	2,711	
Food and Farm Products...	31	87	461	1,007	
Apparel	3	11	30	63	
Lumber, Bldg. Mats., Hdwr.	10	23	274	409	
Miscellaneous	33	109	465	1,232	
RETAIL TRADE	436	1,615	3,424	11,503	
Food and Liquor	95	462	1,032	2,051	
General Merchandise...	14	61	80	305	
Apparel and Accessories...	43	145	259	979	
Furniture, Furnishings.....	23	83	175	637	
Lumber, Bldg. Mats., Hdwr.	20	94	202	723	
Automotive Group	32	103	187	847	
Eating, Drinking Places...	139	401	1,129	3,902	
Drug Stores	21	112	124	718	
Miscellaneous	49	151	236	1,341	
CONSTRUCTION	142	353	1,853	5,002	
General Bldg. Contractors..	47	128	970	3,132	
Building Sub-contractors...	94	219	878	1,702	
Other Contractors	1	6	5	168	
COMMERCIAL SERVICE	101	215	1,758	4,657	
Highway Transportation ..	32	46	1,021	1,215	
Misc. Public Services	2	19	58	1,373	
Laundries, Cleaning, Dyeing	18	78	313	1,597	
Other Personal Services	27	36	163	214	
Business, Repair Service	22	36	204	260	

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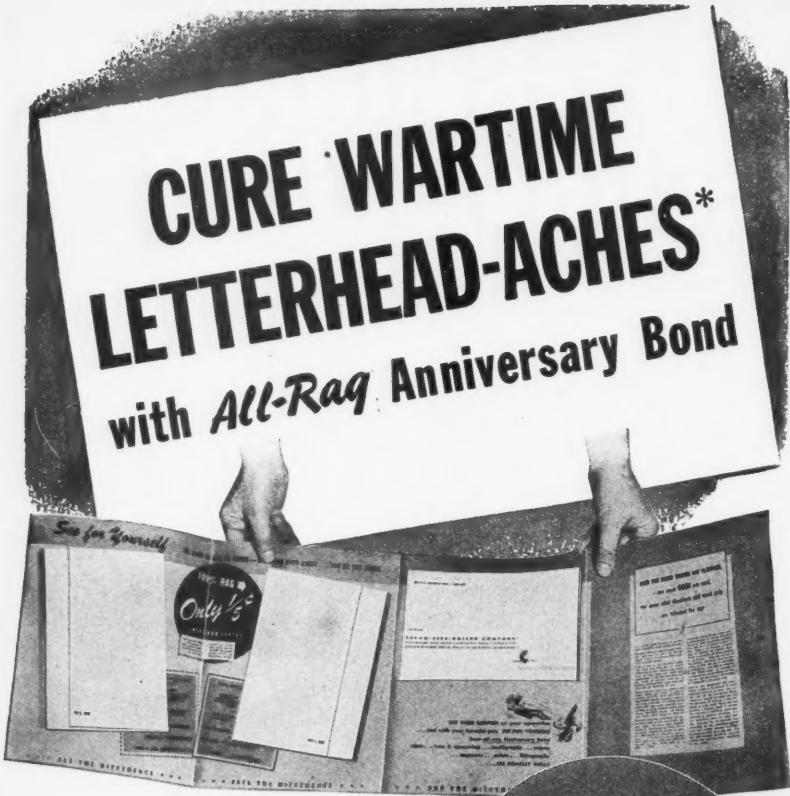
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HERE and THERE

Shipping Economy—A simplified packaging system—the “palletized load”—which permits extensive economies in shipping space and handling costs, is described by J. D. Malcolmson, technical director, in an illustrated 28-page booklet issued by the Robert Gair Company, New York.

The theory behind the palletized load is the designing of shipping containers to fit a freight car instead of planning them to hold a certain amount of merchandise. Under a Navy developed method, described in the booklet, one woman operator with a forked truck broke out of storage and loaded a freight car in two hours. The method previously used required the services of 14 men for a half day.

A pallet differs from a skid in that it has two parallel horizontal surfaces whereas the skid has only one platform and is supported by wooden legs or side flanges. Palletized loads can be tiered whereas skids usually stand on the floor and are not stacked. A pallet can only be handled by a forked truck, usually equipped with an elevating mechanism.

The use of pallets is not new, but their potentialities were not fully exploited until the Navy, confronted with the necessity of transporting millions of various sized items at a time when any delay or waste of space might prove critical, developed a labor and space-saving formula for handling the great volume of material passing through its depots.

Aid for Veterans—The business financing plan of the United States Plywood Corporation is designed to help both returned soldiers and also proprietors of small enterprises who had closed their businesses in order to help on the home front. The plan assumes that the individual has little or no means at his disposal and cannot obtain credit for the purchase of merchandise or the funds necessary to pay labor.

If the applicant satisfies the Plywood Corporation that he is of good character and possesses or can command some skill in the use of the firm's products, he may seek contracts from approved customers. The firm then will provide



Photo by Ensminger.

BETTER HOMES—*Without Magic!*

In many ways postwar living will be better, not because some wizard waves a magic wand but because American industry is continually striving to improve the everyday comforts and necessities so important to any home.

These improvements will be applied not only to the 10,000,000 new houses which will be needed after the war but to the millions of existing homes in need of modernization. Interchemical products will provide many of these needs. For instance, exteriors will have greater protection than ever before, while inside the home beautiful textiles for draperies, upholstery and wearing apparel will be printed or dyed with radically different types of coloring materials which bring out the best in design and provide better light fastness, color uniformity and washproofness.

Interior walls can have washable, crack-proof wall covering, or can be painted in any of more than 100 colors by a

simple method of selection and matching. In kitchens and laundries, finishes on appliances will be tough, mar-proof and resistant to food and cooking stains; will stay white and keep their lustre longer. There need be no mildew in the postwar home. Even the canvas in awnings and lawn furniture may be treated to foil sun and rain.

These things will be possible because of developments in chemical coatings for protection, decoration and utility. Combining the know-how acquired in producing protective finishes for shell casings, tanks, jeeps, cable insulations, and other war equipment with outstanding facilities for interrelated research, Interchemical has originated new techniques and new formulations for an ever-increasing range of prod-

ucts. Some of these products are available now, while many others still in the development stage will soon become a familiar part of your everyday life.

If you have a problem in the field of chemical coatings, or if you would like to know more about their application to your products, we will be glad to confer with you.

*Trade Mark

INTERCHEMICAL PRODUCTS INCLUDE:

**Ault & Wiborg Finishes, Polymerin* Enamels
Murphy Finishes and a la Carte Paints
Aridye* Textile Colors
Seftast* Canvas Paint, Mul-Du-Rid
Sanitas* Wall Covering, Meritas* Oilcloth
Cotan Coated Fabrics
IPI* Printing Inks, In-tag* Gravure Inks
A&W* Carbon Paper and Typewriter Ribbons
R.B.H. Dispersions**

Interchemical 
CORPORATION



**THIS BANK HAS A *California-wide*
SERVICE WHICH SHOULD INTEREST YOU**

★ Today one-half the people in the 11 western states reside in California. The post-war potentialities of this rich, concentrated market occupy a high place in the thinking of men who are looking to the future.

At Bank of America, which serves this market through branches in more than 300 cities and towns, planning for tomorrow is second only to the task of meeting the vital banking and financial needs of today. Bankers and other business executives throughout the country are finding the services of this bank invaluable, whether their interests lie in the field of agriculture or industry, in reaching a vast consumer market here, or in approaching future foreign markets beyond the Pacific. Your inquiries are cordially invited.

► **RESOURCES (June 30, 1944) . . . \$3,975,493,006.15** ►

California's statewide bank

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NATIONAL TRUST AND SAVINGS ASSOCIATION

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him with the merchandise and, if necessary, the money required to meet his payroll. The amount to be advanced and the number of jobs a person may take depend upon the corporation's judgment of the applicant's ability and the soundness of his projects.

Without expense to the applicant, he will be provided with the help and advice of the Plywood Corporation's architects and engineers. The customer makes direct payments to the contractor as the work progresses and the Plywood Corporation estimates the portion of each such payment which is to be paid to it to cover the materials supplied and the money advanced.

Germicidal Floor Finish—A floor finish incorporating a powerful germicide is being manufactured by the Continental Car-Na-Var Corporation, Brazil, Ind.

The finish, known as "Steri-lac," is a lacquer made of wax with germicide added in such a way as not to impair the appearance or durability of the treatment. Its makers announce that tests by independent laboratories prove that Steri-lac will kill typhoid and other similarly resistant disease-causing germs within five minutes after application. It kills germs only during the process of application and will not immunize the floor; subsequent applications are required. The product is said to be non-toxic, with limited contact not irritating the skin.

Reports Every Two Minutes—Johns-Manville Corporation revealed in its recent quarterly report to stockholders that an average of one report for every two minutes for every business hour of the year was filed with Government agencies by Johns-Manville during 1943.

Johns-Manville prepared and filed 71,588 such reports and questionnaires, more than two and a half times the number filed in 1942. The cost, however, was lower for 1943, with the 97,452 manhours of work costing \$146,000, compared with 132,560 manhours costing \$192,500 in 1942.

Reduction Unit—A fan cooling system which permits a considerable reduction in the size of the unit required for a given horsepower output is featured in the Speedaire Worm Gear Reduction Unit, made by the Cleveland Worm & Gear Company, Cleveland.

A new type of double wall construction underlies the cooling system, providing an air passage which completely

To business men who are thinking about

A PLANT IN THE WEST, TEXAS OR LOUISIANA

after the war...

Perhaps we can be helpful to you.

Although your company may be fully occupied with war work now, no doubt you, like ourselves, are making plans for post-war manufacturing and selling.

You are familiar with the great population increases in certain states West of the Mississippi. And you may be thinking about a branch plant or additional distribution facilities in this area—not only to serve your customers out here, but also with an eye to the vast undeveloped markets of Asia, and Central and South America.

If you are thinking along these lines, we respectfully ask you to write us. We think we can be helpful to you.

Southern Pacific is the largest western railroad, and has more miles of line than any other United States railroad. We serve Louisiana, Texas, New Mexico, Arizona, California, Oregon, Nevada, Utah, and the West Coast of Mexico. We know this territory intimately, for we are the West's pioneer railroad.

The eight Southern Pacific states gained more than a million people since 1940, according to the U. S. Census Bureau.



In the West alone, Southern Pacific serves more than twice as many communities as any other railroad, many of them exclusively. So if your plant is located on Southern Pacific, the chances are two-to-one that your western customers are served by our rails, too.

We have an experienced industrial department, and traffic men in every sizeable city and town along our lines. These men live "on the ground" and are important citizens in their communities. They will be glad to develop any specific information you wish.

You may be sure that any advice we give you will be sound and unbiased, for if the plant location we recommend should prove unsuited to you, our railroad would suffer, too.

We have been handling matters like this for many years, and those who have dealt with us know that we can be trusted with their most confidential plans.

If you have any interest at all in industrial sites or distribution facilities in our territory, please write me. I assure you that your inquiry will receive prompt, personal and confidential attention.

**W. W. HALE, Vice-President,
System Freight Traffic, Southern Pacific Company,
65 Market St., San Francisco 5, California**

S-P

**The friendly
Southern Pacific**

The eight Southern Pacific states gained more than a million people since 1940. Population means markets and manpower for your industry.

NOW... or for Reconversion can Your Business use

—
\$10,000
\$100,000
\$1,000,000
\$10,000,000

IF YOU answer "yes" to the above question, maybe you can learn something from the manufacturers and wholesalers to whom Commercial Credit has advanced MORE THAN A BILLION DOLLARS since Pearl Harbor (and that huge total does not include our volume of automobile and other installment financing).

These companies have used Commercial Credit money for such purposes as to increase working capital . . . to discount purchases and maintain credit . . . to make tax or renegotiation payments . . . to finance expansion or reconversion . . . to buy machinery and equipment . . . to buy other companies . . . and for other sound business uses.

They have found that Commercial Credit financing is reasonable in cost and free from red tape . . . that it involves no interference with their management . . . places no restrictions on their operations.

ARRANGE NOW FOR RECONVERSION CASH

Commercial Credit makes thousands or millions quickly available for current use. Or you can arrange now to have Commercial Credit set aside all the outside cash you may need later . . . ready for you to draw upon in changing over your business for peacetime operation . . . so no possible delay in turning wartime assets into cash can hold you back in the race for civilian markets.



For more information, send for a copy of "Capital Sources"—a 9-minute outline of the scope and uses of Commercial Credit financing services. Write, or wire Dept. 64.

Commercial Credit Company

BALTIMORE 2, MARYLAND

Commercial Financing Divisions:

Baltimore New York Chicago San Francisco Los Angeles Portland, Ore.

Capital and Surplus More than \$65,000,000

INSTALLMENT FINANCING OFFICES IN PRINCIPAL CITIES OF THE UNITED STATES AND CANADA

envelopes ends, sides, and base of the oil reservoir in which the gear operates. The makers state that the radiating area is increased nearly 100 per cent by the deep finning on the air side of the inner housing wall forming the oil reservoir.

Air is drawn at high velocity through the space between the housing walls from a grill at the opposite end of the unit by means of an exhaust fan located on the coupling end of the worm shaft. The fan will operate with either direction of rotation.

The double wall construction is designed to maintain a uniform flow of cooling air against the fins and housing wall over the entire oil reservoir surface.

Drafting Instruments—Rapid production of drafting instruments such as triangular scales, protractors, and slide rules is made possible in the plant of Pereles Brothers, Milwaukee, custom molders, through developments which permit greater accuracy in thermoplastic molding. In some instances, instruments such as triangular scales are being manufactured complete and ready for use in 24 hours.

The Pereles instruments are produced by the injection molding process, several different types of plastics being used. Employing special equipment in the engraving, tool, and die departments, Pereles Brothers state that they maintain a dimensional tolerance of one-half of one thousandth of an inch per inch between lines as delicate as three to three and one-half thousandths of an inch in width of gradations and a depth of five thousandths of an inch.

Mail Sorter—A caster-mounted rotary mail sorter has been devised by Carroll Stevenson, office manager of the Dictaphone Corporation, New York.

Comprising 96 compartments together with a spacious storage cabinet, the device stands 5 feet 9 inches high, the rotary sorter itself being 2 feet 8 3/4 inches high and having a diameter of 2 feet 10 3/4 inches. The cabinet underneath, three feet square, is required as the sorter turns on an axle. It was originally planned to turn on ball or roller bearings and will be thus equipped when bearings become available. The partitions forming the bottoms of the compartments are so made that they can be pulled out if more space is needed.

Mr. Stevenson planned the sorter for outgoing mail to the district offices in order to conserve space in the mail room and time of the mail girls. Envelopes

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...ON ALL ACCOUNTS!



Specify SUNDSTRAND for Speed!

You are right
Up to the minute . . .
On all payroll details . . .
When you give the job
To Sundstrand.

Sundstrand works fast
At computing, at recording.
Saves minutes
Where they count most.

These minutes add up
Into thousands of hours . . .
Valuable working hours
Saved for many firms.

Sundstrand Accounting Machines
Do the *entire* job . . .
Not just part of it.

Each machine makes available
Several clerks
For other essential duties.

Anyone can quickly attain
Operating proficiency.
The machine has a simple
"10 Figure Key" keyboard
And many automatic features.

Call Underwood Elliott Fisher
In your town . . .
And learn how to save
Important time and money
In your Payroll Department.

Save the Seconds and You Save the Day—

Underwood Elliott Fisher Company

Accounting Machine Division

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Sundstrand Payroll Accounting Machines are available subject to War Production Board authorization.

Our factory at Bridgeport, Connecticut, proudly flies the Army-Navy "E" with star added as a second citation awarded for the production of precision instruments calling for skill and craftsmanship of the highest order...



● Yes—plain water—in FIRE-FOG form now safely puts out a transformer fire moments after it starts—isolates the burning unit, guards the others from damage.

Let's assume that you've installed an "Automatic" FIRE-FOG System as protection against transformer fire hazards. What will happen if fire breaks out?

Instantly, automatically, FIRE-FOG nozzles "shoot" a mist-like spray at the fire, blanket the blaze completely—millions of water droplets hammer down the flames—cool the fire area. In an incredibly short time the fire is quenched

... and a costly conflagration—plant shut-down—production loss, are all avoided thanks to plain, ordinary water transformed into a potent all-around fire fighter by "Automatic."

★ YOUR FIRE HAZARD? You need a FIRE-FOG installation to protect your plant from such fire hazards as electric transformers, oil quench tanks, enamel dip tanks, open tanks of inflammable liquids, gasoline loading racks, rubber churning. Write for information—there's no obligation.

"AUTOMATIC" manufactures and installs a complete line of fire protection devices and systems for all types of fire hazards.

"Automatic" SPRINKLER CORPORATION OF AMERICA
YOUNGSTOWN, OHIO . . . OFFICES IN 31 CITIES

pre-addressed to each of the district offices are placed in the various compartments and the mail sorted as it comes in. Time is saved as the clerk stands in one position and turns the sorter instead of having to walk back and forth.

The Dictaphone Corporation will not manufacture this equipment, but companies interested may obtain from it copies of a folder containing construction diagrams.

Welcoming Folder—Salesmen calling at the American Welding & Manufacturing Company plant, Warren, Ohio, are greeted with a four-page 5 1/2 by 8 7/16-inch folder containing convenient information. On the back cover is a map showing the location of other Warren industries.

The visiting salesman learns from this leaflet that he should expect to be received by the person upon whom he is calling within ten minutes of the time of his arrival. On the inside spread is the telephone number of the local taxicab company and information about the location of a telephone, the washroom, timetables, and scratch pads. Included also is a brief history of the company, a list of its products, and the names of its executives.

Explosive Rivets—Peace-time uses of explosive rivets are forecast in a new manual prepared by E. I. duPont de Nemours & Company, Inc. Uses are envisioned in the automotive; refrigeration; housing; heating, ventilation, and air conditioning; radio; and household appliance manufacturing industries as well as in shipbuilding.

This type of rivet was developed to meet the need for a quick, sure fastening in the hard-to-get-at places in aircraft. DuPont has produced a rivet in which the charge runs the full length of the shaft. When fired, the blind end forms a barrel-shaped enclosing head and the shank fills the hole through which it passes, eliminating the need for drilling rivet holes to very close tolerances.

Fast Freight—Designed to develop more power in its working range—at speeds exceeding 20 miles an hour—than any steam locomotive previously built, a new Pennsylvania Railroad steam locomotive is really two engines coupled together in a rigid frame. The two front cylinders operate two pair of driving wheels and the other two motivate three pair of driving wheels.

The locomotive develops a traction effort, or pull applied to a standing

Never Underestimate the Power of a Woman!

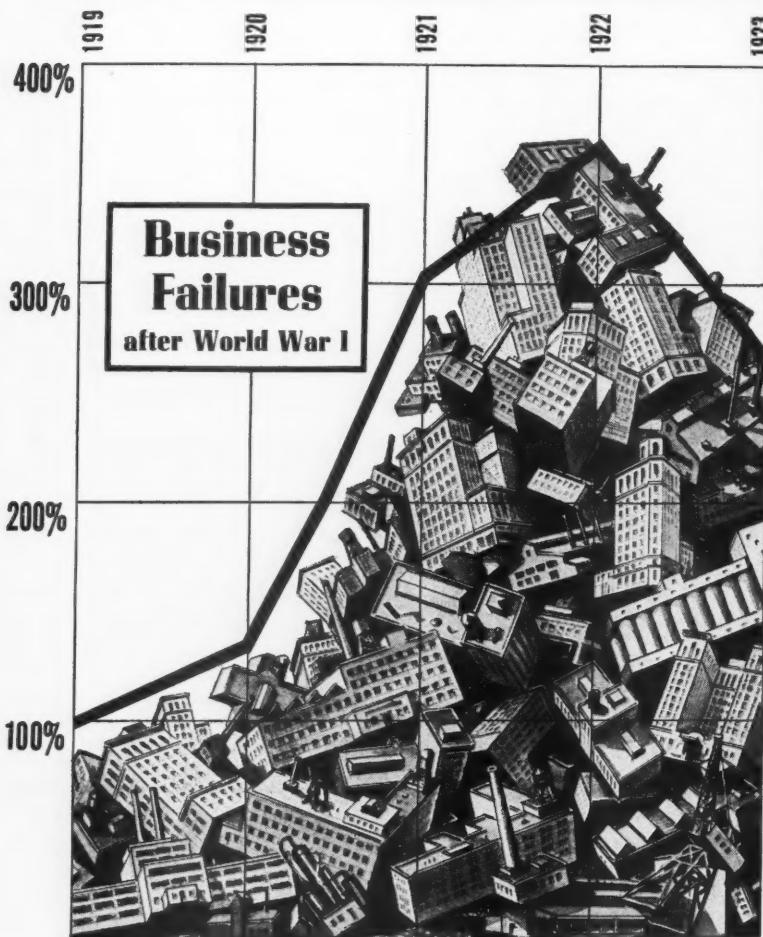


More than 38% of all the pre-war personal incomes were reported by women, exclusive of joint and community property returns.

LADIES' HOME JOURNAL

Largest audited circulation of ANY magazine

If History Repeats...Will YOU Foot the Bill?



After World War I . . . from the 1919 level . . . the number of commercial and industrial failures jumped 267% in three years; current liabilities involved jumped 450%.

Will History Repeat? No one knows. That's why manufacturers and wholesalers in over 150 lines of business carry American Credit Insurance . . . and why you need it too.

American Credit Insurance GUARANTEES PAYMENT of your accounts receivable for goods shipped . . . *pays you when your customers can't*. Don't face the uncertain future unprotected. Write now for more information to: American Credit Indemnity Company of New York, Dept. 50, First National Bank Building, Baltimore 2, Maryland.

J. F. M. Fadden
President

American Credit Insurance

*Pays You When
Your Customers Can't*



OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

train, of 114,860 pounds—78 per cent more than that of the standard high speed freight locomotives now in use by the Pennsylvania. It will pull a train of 125 loaded cars at speeds in excess of 50 miles an hour.

The locomotive and tender are 124 feet 7 inches long; 16 feet 5 inches high; and weigh more than one million pounds. Built at the railroad's Altoona (Pennsylvania) Works, one engine already has entered service and others will enter late this year.

Termination Forms—Standard Contract Termination Inventory Schedule Forms C-1, C-2, and C-3 have been produced on mimeograph stencils by the A. B. Dick Company. The inventory data may be typed on a stencil on which the inventory schedule form already has been impressed. The required quantity of copies of the form plus the inventory data thus can be reproduced at one time.

Building Goodwill—Creation of public goodwill by the general contractor is the theme of a comprehensive, effectively illustrated 24-page manual published by the Associated General Contractors of America and prepared by Campbell Ewald Co., Inc.

An interesting chart "Public Relations Program for General Contractors" outlines steps in creating and maintaining goodwill in customer, intra-industry, and employee relations and in relations with the general public.

The manual, which stresses the importance of advertising as a goodwill medium, contains sample advertisements and suggested project signs and posters for the use of contractors. That goodwill must be accumulated gradually is emphasized.

Bus Riders—Straphangers have their own oblong windows located at eye level above the regular windows in the new city type buses being manufactured by Mack Trucks, Inc. Various other innovations are embodied to increase the comfort and protect the health of riders.

Improvements include the use of a new crystal clear glass in the enlarged windows. Directional beam lights located over each seat permit maximum intensity of light for reading but eliminate glare.

A new type heater distributes the heated air evenly through ducts which run under the floor, allowing heat to emerge at each seat post. As the air is drawn from the outside, the heater per-



Who Has the Quick "WORD'S-EYE" View?

That's easy to see. For even the magnifying glass is apt to fail when carbons are faded and blurred. It is just such records that sacrifice speed and accuracy.

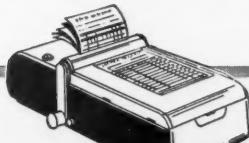
And unreadable records have no place in business today. Not when Uarco **continuous-strip** forms give you a quick "word's-eye" view of the what, where and when of every business transaction at a glance . . . record forms with fresh carbons that assure legibility on every copy. Thus *one* person at *one* writing can lessen the possibility of errors all along the record route, from buying to billing.

Uarco **continuous-strip** forms are scientifically designed to meet individual record-keeping problems

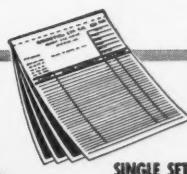
. . . to eliminate repetitive actions and time-wasting getting-ready-to-write operations. Uarco records are made for either handwritten or machine-written use. They may be carbon interleaved or non-interleaved; may be used in a Uarco Autographic Register, typewriter, billing or tabulating machine.

For over 50 years, Uarco has been designing better business records. If you have a record-keeping problem, why not call in Uarco? It will cost you nothing to have a Uarco representative call on you today.

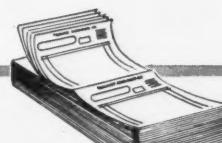
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Chicago, Cleveland, Oakland • Offices in All Principal Cities



AUTOGRAPHIC REGISTERS



SINGLE SET FORMS



CONTINUOUS-STRIP FORMS FOR
HANDWRITTEN • TYPEWRITTEN • BUSINESS MACHINE RECORDS



UARCO

BETTER BUSINESS RECORDS



"Delayed handling of mail does not slow up our organization. We installed a complete U. S. Postal Meter mail-handling system and it has smoothed out the operation of our entire office. Take our letter opener, for example. It opens from 100 to 500 letters a minute—does in a flash what used to take an hour or more."



"... and no more missed trains and planes for outgoing mail either. Our metered mail machine seals, imprints, postmarks, counts and stacks the mail as fast as we can feed it! Yes, sir, since we modernized with U. S. Postal Meter mail-handling equipment, our mailroom runs like clockwork."



If your mailroom needs a "shot in the arm" to make it operate efficiently, take a tip from the happy-looking gentleman pictured above. Call in a U. S. Postal Meter specialist. He'll gladly diagnose your mail-handling troubles and make recommendations for their cure. Call him today.



Metered Mail Systems . . . Postal and Parcel Post Scales . . . Letter Openers . . . Envelope Sealers . . . Multipost Stamp Affixers . . . Mailroom Equipment. (Many units available.)

**COMMERCIAL
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Branches and Agencies in Principal Cities

U. S. POSTAL METER DIVISION

Rochester 2, New York

mits a complete change of air every minute.

Automatic transmission makes riding smoother. A degassing device provides for more complete combustion of the gasoline.

Resistance Control—An electronic device known as the "thermistor," which may be used in electrical circuits wherever temperature changes can be produced, has been developed by the Bell Telephone Laboratories. It is being manufactured exclusively for use by the armed forces, but many peace-time functions are foreseen.

The thermistor is a small circuit element formed of a mixture of metallic oxides which have been pressed into discs, extruded into rods, or formed into tiny beads. These oxides belong to a class of materials known as semi-conductors. The electrical resistance of the semi-conductor decreases rapidly as its temperature rises; the resistance increases as its temperature falls.

When a current is passed through a thermistor, heat is produced internally, the temperature rises and resistance lowers. If a small coil or wire is placed close around the thermistor and a current is passed through it, heat is produced by the coil which warms the thermistor and lowers its resistance. In other words, by suitable electrical connections changes in the thermistor resistance may be used for measurement or for control of ambient or circuit conditions as required.

Read on the Run—Natural and synthetic rubbers are compared in a wide range of properties in a two-page leaflet issued by the B. F. Goodrich Rubber Company, Akron, Ohio. Entitled "The Property Relation of Natural and Synthetic Rubber," this chart includes the following synthetics: Government Rubber—Monovinylacetylene (Neoprene), Thiokol, Ameripol D (Buna N type), Ameripol F (Buna S type), and Government Rubber—Iso-butylene. . . . To reduce industrial plant accidents, the Elwell-Parker Electric Company, Cleveland, has prepared for distribution to those interested a set of safety rules for operators of power industrial trucks. The rules are intended to supplement the basic instruction of the operator. . . . The General Printing Ink Corporation, New York, has compiled an "Annotated Bibliography of Color" which lists the names of 75 books on the subject. This is designed to aid persons wishing to assemble a library on color.



Warm—but not fair!

Joe's got the house too hot by careless firing of the furnace, so he's trying to heat all outdoors by opening the windows.

Through wasteful practices, he isn't being fair to his own family, or to other families using coal. He isn't helping America.

This winter it's vital to conserve coal as never before. This isn't because less coal is being produced. Actually, millions more tons are being mined this year than last — by fewer men. Quite a tribute to mine owners and miners alike! There are

adequate facilities for hauling coal to your city. But certain grades and sizes of coal are needed for war production. And, in addition, your local coal dealer is handicapped by a shortage of manpower, trucks and tires. So be patient with him. Order before you're down to your last shovelful.

And conserve the coal he is able to deliver to you through firing carefully, closing off unused rooms, pulling down shades at night and through other simple precautions. For other suggestions see your coal dealer.

One of the biggest jobs of the C & O Lines is hauling coal from the mines along its routes, so we're in a position to understand the problem, and to know how essential coal is these days.



Chesapeake & Ohio Lines
CHESAPEAKE AND OHIO RAILWAY
NICKEL PLATE ROAD
PERE MARQUETTE RAILWAY

Save Coal—and Serve America

KEEPING TABS on a

"family" of 200,000



It's amazingly simple for the

PROVIDENT MUTUAL Life Insurance Co. of Philadelphia
with **KARDEX** control

In this cheerful, neat-appearing office in Philadelphia, a great life insurance company like Provident Mutual has a simple and easy way of knowing how it stands with each man and woman and boy and girl in its large "family" of policy holders.

Here, maintained with consummate efficiency, is Provident Mutual's master accounting record of 300,000 individual policies on the lives of 200,000 policy owners. It's Kardex of course—and since the summer of 1929 it has been paying its way in savings of time, labor and money.

The visible margin of Kardex enabled this company to combine several records in one master control, placing all desired information in one place where it is available at a glance. Thus the time required for reference, for posting of premiums, dividends, loans and other data was reduced substantially. And being protected in individual "pockets", these valuable records escape the wear and tear of repeated



handling and always remain in good usable condition.

Summing up over fifteen years of satisfaction, Mr. Willard D. Holt, Assistant Secretary of Provident Mutual, says "The entire cost of equipment and installation, including rewriting data on 300,000 lighter weight cards, was completely paid for through operating economies in less than five years. This Kardex Record Control has been in use since 1929, and only once, four years ago, was it necessary to do some minor overhauling at a nominal expense."



IN EVERY BUSINESS there is an opportunity to combine better administrative control and real operating economies with Kardex. Remington Rand Systems and Methods Technicians are trained in intelligent cooperation. Call our nearest Branch Office.

SYSTEMS DIVISION

REMINGTON RAND

Buffalo 5, New York

NATIONAL THRIFT

(Continued from page 14)

specialist of the Founding Fathers in mind, let us glance at the record of the income and the outgo of our national treasury, from 1789 to 1945, from George Washington to Franklin D. Roosevelt. The table shows total receipts for each fiscal year of the Federal Government, total yearly expenditures, net yearly surpluses, and net yearly deficits. The years are bracketed at the left of the table by the administration of each President. It is interesting that 94 of the 157 years in this table show an excess of receipts over expenditures, and 61 years show an excess of expenditures over receipts. The figures for the years 1789 through 1791 are grouped together in one amount as individual figures for these years are not available.

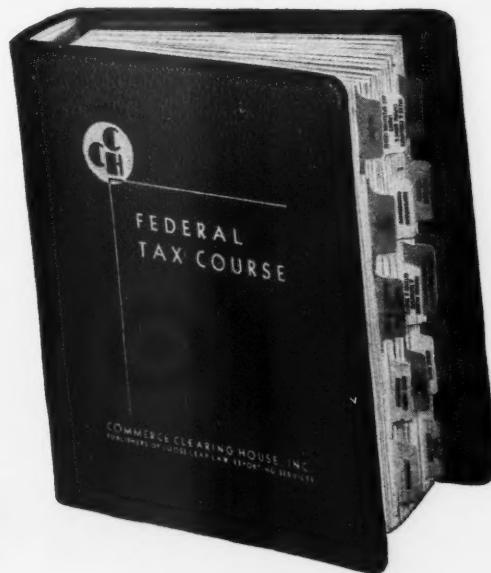
On the other hand, the dollar total of yearly deficits over this entire spread of years, greatly exceeds the dollar total of yearly surpluses. The Federal Government started operations with a gross national debt of \$75,880,000 in 1790 and according to the estimates of the Bureau of the Budget, our gross national debt will amount to \$251,300,000,000 as of June 30, 1945. Let us separate this broad pageant of years into nine periods from the viewpoint of material fluctuations in our national debt.

First Period, 1790-1837

The first period began with a gross national debt of \$19.12 per capita. Our debt on June 30, 1945 will be approximately \$1,860 per capita, almost a one hundred-fold increase. This first period covered 48 years and seven administrations from George Washington to Andrew Jackson, inclusive. Net yearly surpluses were incurred during 34 of these early years (the three years from 1789 through 1791 being grouped together as one) and deficits in 12. This initial period in our Federal financial history, unlike that of many modern

The revised DUN'S REVIEW Regional Trade Barometers, including back figures, adjusted and unadjusted, together with additional information, are available in pamphlet form. The barometers, appearing in DUN'S REVIEW since 1936, measure consumer buying for 29 regions of the U. S. and for the country as a whole. They help sales executives to analyze sales, adjust quotas, and to check sales volume with total consumer expenditures.

New
1944-45
Edition



The CCH Federal Tax Course comes in handsome 8 1/2" x 10" durable binder, semi-flexible.

CCH FEDERAL TAX COURSE



✓ For Brush-Up

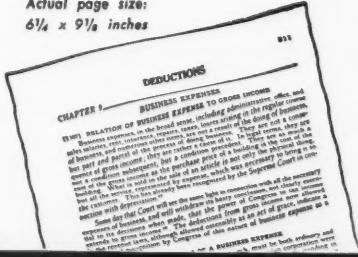


✓ For Reference



✓ For Practical Pointers

Actual page size:
6 1/4 x 9 1/8 inches



• Here is a practical ready reference and training course in federal taxation. Here is a plain-spoken explanation of the outstanding federal taxes as imposed by the federal revenue laws — with emphasis throughout on federal income taxation. Actually every angle of federal taxation, including the new Individual Income Tax Act of 1944, "pay-as-you-go," income tax withholding, capital stock tax, excess profits tax, declared value excess-profits tax, gift tax, estate tax, and excise taxes, comes in for understandable explanation and discussion. Not a book, not a loose leaf service, this is a Course especially designed to make it easy to become familiar with the "ins" and "outs" of the federal tax system — how it has developed — what it is today. Stems from George T. Altman's popular work.

• Each Tax, Each Taxpayer — Individuals, Corporations, Partnerships, Estates and Trusts — whatever the tax, whoever the taxpayer, if it is federal taxation and belongs in the Course, it is covered here, specifically, definitely. Over 500 illustrative examples and calculations make plainer just how the federal tax laws are actually interpreted and applied. Current filled-in return forms, and pertinent Code provisions provided, plus a wealth of "real-life" background from actual tax practice all contribute to supply everything necessary or helpful for an everyday, working knowledge of federal taxation.

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nations, was clearly one of debt reduction.

From \$75,880,000 in 1790, our gross indebtedness fluctuated up and down to reach a high of \$127,334,000 in 1816 following the War of 1812, and down to complete extinction in 1836. Over these years, the principal source of Federal funds was custom receipts.

The shrinkage in the percentage receipts from customs in 1835 and 1836 was due, on the other hand, not to any material decrease in dollar tariff receipts, but to the unprecedented expansion in the receipts from the sale of public land.

In 1836, one hundred and nine years ago, our income was substantially greater than our outgo. In that year, for the only time in our history, receipts from the sale of land exceeded the returns from customs. As a result of this sudden, unexpected bonanza, the revenue of the Federal Government was increased \$14,757,000 by the sale of Western land in 1835, and \$24,877,000 in 1836; in these years the Federal treasury had the two largest yearly surpluses since the creation of the Union. The national debt was completely extinguished in 1836, and \$27,063,430 of funds were actually distributed by the Federal Government to the States in proportion to their representation in Congress.

Second Period, 1837-1861

The second period began with a nominal national debt of \$336,000 in 1837. It covered 24 years and eight administrations from Martin Van Buren to James Buchanan. Net yearly surpluses were incurred during 12 of these years, and deficits in 12. This second period of our Federal financial history was one of moderate growth in the gross national debt.

As in the first period, the greater part, in fact, almost all of the receipts continued to come from customs.

These 24 years included the panic of 1837, the expenses of carrying on the Mexican War, payments to Mexico and liquidation of Mexican claims under the treaty of 1848, the panic of 1857, and the increase in expenditures for "public improvement" such as public buildings, lighthouses, river and harbor improvements, roads and canals, on a more generous scale than previously in our history.

The year 1857 was the eighth successive year with a Federal surplus. The excess of receipts over expenditures had amounted to a relatively high sum of \$15,755,000 in 1854. Three years later



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came the panic of 1857 and the yearly surplus had gradually dropped to the very moderate black figure of \$1,169,000. Then our gross Federal debt headed upward as the clouds of the Civil War began to gather on the horizon.

Third Period, 1861-1866

The third period opened with a gross national debt of \$90,582,000 in 1861 or \$2.83 per capita, after four successive years of deficits. It covered five years with steadily increasing expenditures devoted almost entirely to waging the Civil War. This period began with a rather nominal deficit of \$25,037,000 in 1861 and reached its high point with what, at the time, was the tremendous deficit of \$963,840,000 in 1865. Here was a grand scale of spending which would not be equalled until the days of World War I, 52 years later.

Now, we were to enter upon new fiscal policies to support, for the first time in our history, a really substantial financial burden. In 1861 94.5 per cent of the total receipts of the Federal Government came from customs, and in 1862 94.3 per cent, \$49,056,000 out of a total receipt of \$51,988,000. For many years custom receipts would continue to provide over one-half of the total yearly Federal revenue, but never again would the income from this single source amount to as much as 60 per cent of total receipts.

To provide increased funds to carry on the Civil War, Congress enacted a tax on incomes in 1861, starting with 3 per cent on incomes in excess of \$800 per annum. This tax was increased in 1862, and again in 1865 until incomes between \$600 and \$5,000 were being taxed at 5 per cent, and above \$5,000 at 10 per cent. This original Federal income tax provided \$2,741,000 in 1863, \$20,294,000 in 1864, and \$32,050,000 in 1865.

Internal revenue taxes were also increased by the Act of July 1, 1862. Under this measure moderate taxes, like those to assist in financing the War of 1812, were imposed upon a large number of primary sources from the ownership of carriages, yachts, and billiard tables to the pay of officers in the service of the United States.

Fourth Period, 1866-1893

The fourth period began with a gross national debt of \$2,755,763,000 in 1866 or \$77.69 per capita. It covered 27 years of great railroad, industrial, and commercial expansion, and seven administrations from Andrew Johnson



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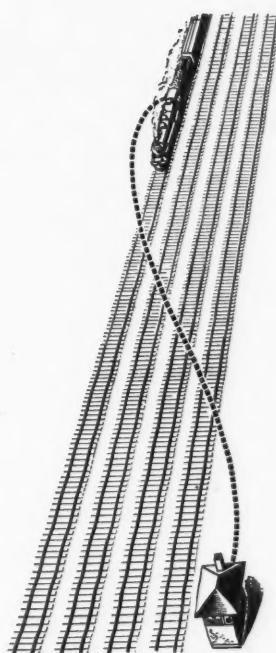
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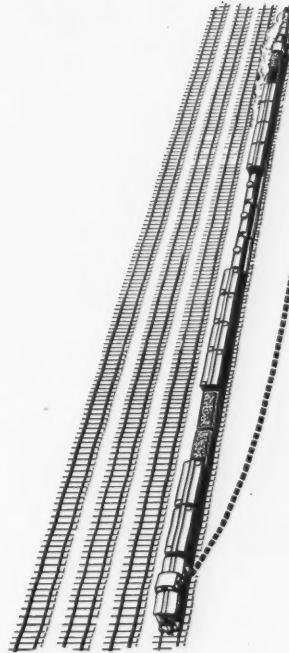
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through Benjamin Harrison. Net yearly surpluses were recorded in each one of these 27 years. Here were years of great prosperity, of the winning of the West, of the grand westward expansion, years in which surpluses ranged to a high of \$145,544,000 in 1882 when Chester A. Arthur was President to a low of \$2,342,000 in 1893 when Benjamin Harrison was President. Each year the debt was decreased.

We were certainly on a new plane of economic activity. Our gross national debt was reduced 65.1 per cent during these 27 years. Net yearly surpluses exceeded one hundred million dollars in 8 years and fifty million dollars in 15 years. Expenditures were large, but receipts were larger, year after year.

Receipts from customs continued to furnish substantial sums to the Federal treasury but no longer did this single source represent the predominant part of our yearly fiscal income. In twenty-one of these years, receipts from customs ranged above 50 per cent of total receipts, with 1872 the highest year with 59.4 per cent.

Due to the fundamental question as to whether the income tax which had been inaugurated in 1861 was actually constitutional, and in the light of the continuing yearly surpluses, this direct tax was repealed in 1872. From \$32,050,000 raised from this source in 1865, the revenue increased to \$72,982,000 in 1866, then dropped steadily, and after 1873 ceased entirely.

The great variety of the excise taxes inaugurated to finance the Civil War furnished practically all of the receipts not obtained from customs, and from the income tax in the years of its existence. These taxes were enacted as war measures and in the succeeding years were reduced or eliminated, one by one. In each year of this fourth period, internal taxes did, however, furnish very substantial revenue.

Fifth Period, 1893-1916

The fifth period opened with a gross national debt of \$961,431,000 or \$14.49 per capita. With the tremendous expansion in our population along with the steady contraction in our national debt, the per capita debt had fallen from \$77.69 to \$14.49 between 1866 and 1893. This fifth period covered 23 years and five administrations, beginning with the second term of Grover Cleveland and ending with the first term of Woodrow Wilson. Here were years of fluctuating national debt, 9 years of surpluses, and 14 years of deficits.



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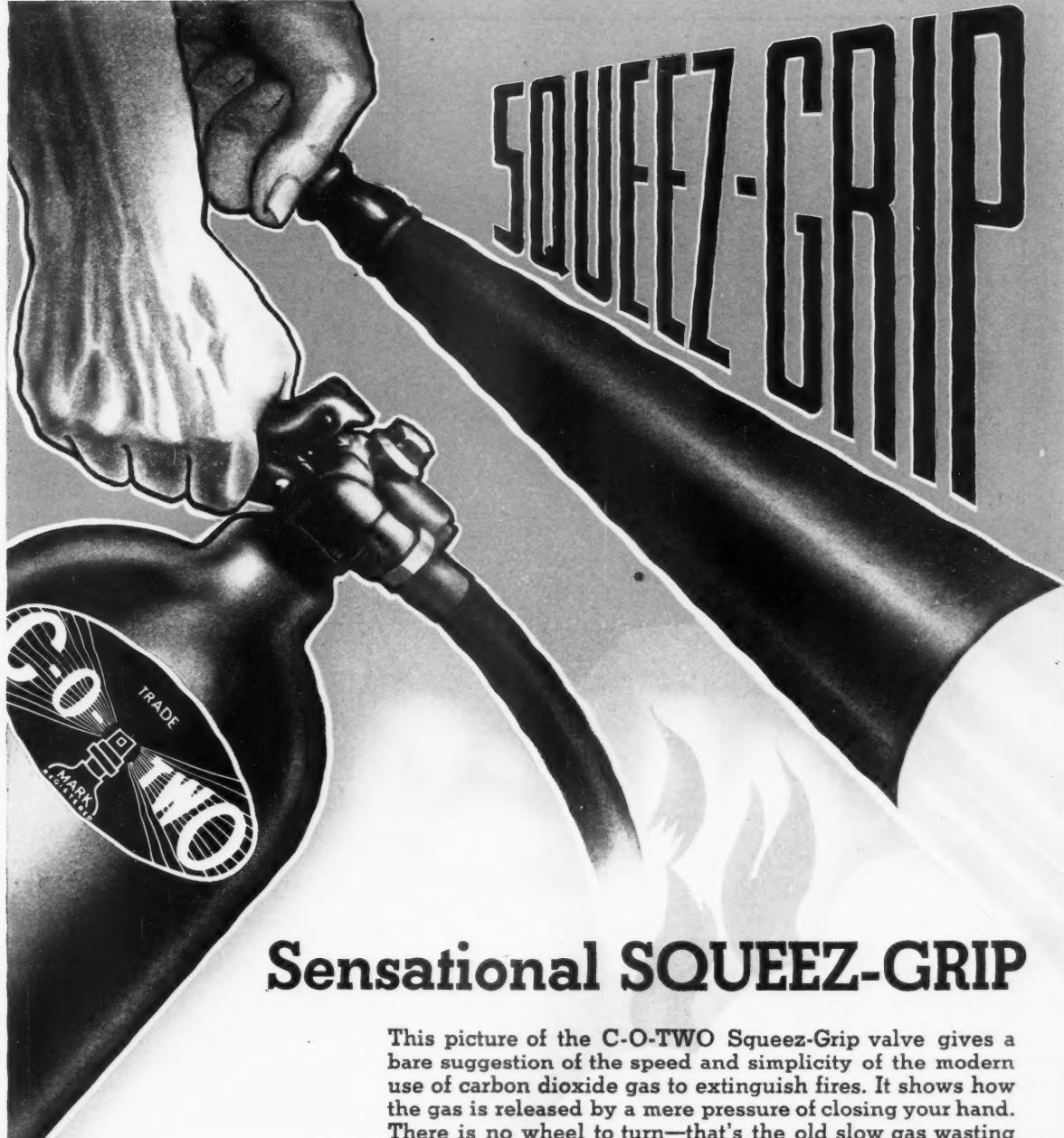
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Customs now began to furnish less than one-half of the yearly receipts. In 15 of the years of this period, the receipts from customs ranged between 40 and 50 per cent of the total revenue. Here were years of relative stability in our national debt, a few years of deficits followed by a few years of surpluses, and then the same fluctuation again.

In 1892 and 1893 our gross national debt was reduced slightly below one billion dollars, the only two years since 1862 that our debt could be measured in nine figures. With a deficit of \$61,170,000 in 1894, the debt expanded to \$1,016,897,000. Decreasing customs and the costs of the Spanish-American War increased the debt to \$1,436,700,000 in 1899. A reduction to \$1,263,416,000 was brought about in 1900 and then followed years of relative debt stability until we entered the conflagration of World War I.

It was during this fifth period, in the year 1913, that the Sixteenth Amendment to the Constitution was ratified and became the law of the land, an amendment which revolutionized our national fiscal policy and which has made the income tax our primary source of funds.

Sixth Period, 1916-1920

The sixth period was concentrated into four years, largely in the second administration of Woodrow Wilson. The fiscal problems were basically those of financing World War I. The period opened with a gross national debt of \$1,225,145,000 or \$11.96 per capita in 1916, the last year in which our debt was to be of any moderate size. A net yearly surplus was shown in 1916 followed by three years of deficits.

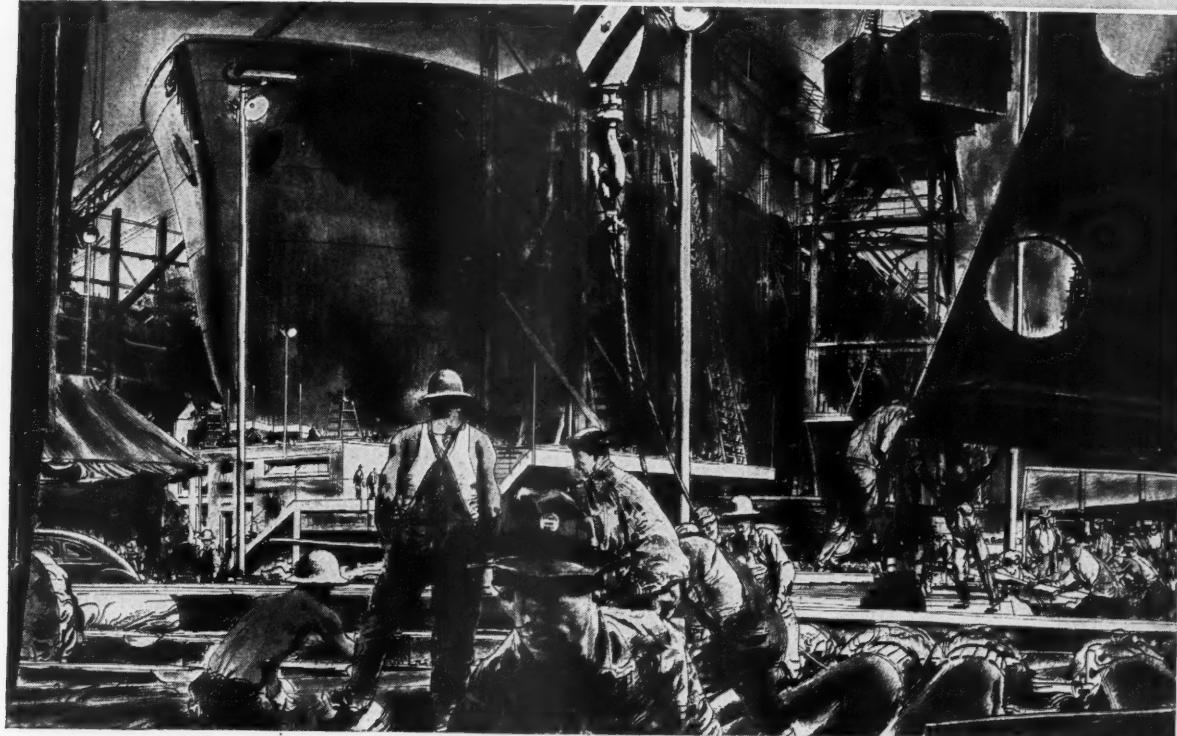
In 1916 custom revenue provided 27.3 per cent of all receipts, and in 1917 20.1 per cent. In the following two years, the trend toward lower and lower receipts from this venerable source finally reached bottom.

To furnish the increased revenue to assist in financing World War I, Congress passed the War Revenue Act of October 3, 1917. Excise taxes, first enacted to supplement the original Tariff Act of July 4, 1789, then to help in carrying the financial burdens of the War of 1812 and of the Civil War, were again put on the books; additional taxes on a wide variety of sources including fermented liquors, wines, tobacco, taxes on the sale of automobiles, musical instruments, cameras, cosmetics, chewing gum, on admissions to amusements, and dues to clubs.

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HOLLYWOOD DISTRIBUTORS PTY. LTD. (B 2597). Woolen, cotton and rayon piece goods, hosiery and underwear.

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HUBERT DAVIES & CO. (B 1386). Throughout Union, Rhodesia. Mechanical, electrical, civil engineering.

P. W. JENNINGS PTY. LTD. (B 3543). Also C. T. (B 198). Want direct factory rep. Branded textiles, women's underwear, hosiery, sportswear; fabrics for domestic factories, i.e., neckwear, clothing, underwear, swimsuits; plastic household utilities and fittings. Marketing branded lines, controlled distribution our specialty. Members A. M. R. A.

B. OWEN JONES LTD. (B 2933). Chemicals: heavy industrial, pharmaceutical, laboratory reagents; general laboratory supplies; optical, scientific, control, medical and surgical instruments; steel works and foundry supplies.

KEENE & CO. (B 2883). Cape Town, Durban. MANUFACTURERS' REPS. all types of merchandise. Like inquiries from American, Canadian manufacturers interested in export to South Africa and Union-wide representation.

A. T. LAW & SON (B 5850). Hosiery, towels, ladies' footwear, men's and women's underwear, glassware and kitchenware.

LENNON LIMITED (B 928). Wholesale manufacturing and retail chemists and druggists. (Est. 1850).

LENSEVELT & CO. PTY. LTD. (B 2651). Cape Town, Durban, Port Elizabeth, East London, Kimberley, Bloemfontein, Pretoria, Windhoek, Bulawayo and Salisbury. Indent, distributing agents; stockists; sales, marketing specialists proprietary, pharmaceutical, chemist, grocery, stationery.

VIVIAN A. LEON (B 7136). Small tools, hardware, enamelware, kitchenware, crockery, glassware, smokers' requisites, fountain pens and kindred lines.

R. MARCUARD PTY. LTD. (B 8858). Imports, exports Africa, Middle East: raw materials, hardware, industrial chemicals, steel, plastics, paper products, soft goods, foods.

K. R. MENTZ (B 6389). Men's wear, foodstuffs, rayon and cotton piece goods, textiles, furnishing fabrics, etc.

NEWTON'S AGENCIES PTY. LTD. (B 4616). Clothing, all kinds; textiles, headwear, domestic glassware, enamelware, handbags, fancy goods, cosmetics, food products, industrial chemicals, paper products.

CONTINUED IN FIRST COLUMN ON NEXT PAGE→

SOUTH AFRICA CALLING
(continued from preceding page)

JOHANNESBURG, S. A. (continued)
H. POLLACK & CO. LTD., INCORPORATING MACKAY BROS. LTD., MACKAY BROS. & McMAHON LTD. Cape Town, Durban, Port Elizabeth, Pretoria; musical, electrical goods.

PROTEA DISTRIBUTORS PTY. LTD. (B 7793). Surgical, medical, hospital; pharmaceuticals, cosmetics, photographic supplies and equipment.

L. RAPHAELY & SON (B 476). Textiles, foodstuffs, etc.

RAYMOND & MARSHALL PTY. LTD. (B 7447). (Est. 1929). Cape Town, Durban; Southern and Northern Rhodesia, Belgian Congo. Textiles: cotton, rayon, silk; men's, ladies', juvenile underwear, outerwear, hosiery, household linens, furnishings, linoleums, oilcloths.

RAYMONT & BROWN PTY. LTD. (B 7524). Textiles, essences, split oak staves, chemicals, yarns and manufacturing supplies.

E. I. ROGOFF PTY. LTD. (B 7296). Timber, veneer, plywood, hardware, cotton, silk and woolen piece goods, upholstering materials, glassware, fancy goods, builders' and household hardware; adv. novelties.

C. F. SHAW LTD. (B 4372). Factory reps., import, export agents, leading British, American, Canadian manufacturers. Branches or reps. in every British or French Territory in Africa, India, Palestine, Middle East.

SILVERS MOTOR SUPPLIES PTY. LTD. (B 5988). Automobile parts, accessories, garage equipment, tools and machine tools.

SYDNEY SIPSER & CO. (B 6011). Ottawa House, President St. Cable: "Gownspizer." Indent agent, distributors ladies' frocks, coats, sports and underwear, showroom goods, etc.

SOUTH AFRICAN DRUGGISTS LTD. (B 5933). Wholesale chemists, manufacturing druggists, opticians, photographic dealers; fine, industrial, pharmaceutical chemicals.

L. SUZMAN LTD. (B 2188). Cigars, cigarettes, tobaccos, pipes, etc. SUBSIDIARY COMPANIES. Confectionery, foods, toilet, stationery, fancy goods. Nine branches.

TAYLOR & HORNE 176 Jeppe St. Dental sundries and toilet requisites.

JOHN G. TRAIN & CO. 149 Commissioner St. Also Cape Town, Durban. Cotton and rayon textiles, yarns, hosiery, knitwear, fancy goods, foodstuffs, toys.

VERRINDER LTD., ASSOCIATED WITH S. HARTOGS PTY. LTD. (B 6666). Also Cape Town, Durban, Port Elizabeth, East London, Bloemfontein, Kimberley, Bulawayo, Salisbury and N'dola. Proprietary medicines, beauty preparations and toilet requisites, groceries and confectionery.

WESTDENE PRODUCTS PTY. LTD. (B 2279). 23 Essanby House, Jeppe St. Medical, surgical, hospital, toilet and fancy goods.

PORT ELIZABETH, S. A.
O. S. BLENKINSOP LTD. (B 639). Shoe factories and tanneries supplies, clothing factories requirements, automotive articles.

GILCHRIST'S ELECTRICAL STORES PTY. LTD., Main St. Electrical and radio equipment.

HALLIS & CO. (B 143). Art dealers and picture frame manufacturers. Also fancy goods, pottery and artware generally.

E. J. NARRAMORE, 100 Main St. Builders' and domestic hardware, tools, ironmongery, sporting goods.

NORTHERN RHODESIA
N'DOLA AGENCIES (B 128). N'dola. Hardware, enamelware, dresses, foundation goods, general merchandise.

SOUTHERN RHODESIA
AFRICAN COMMERCIAL CO. LTD. (B 1108). SALISBURY, N. Rhodesia, Nyassaland. Proprietary medicines, toilet and beauty preparations, groceries, confectionery, stationery, office equipment, textiles, etc.

taxes now began to come into their own. In 1917 these two sources provided \$359,681,000 or 32.0 per cent of all receipts, in 1918 \$2,314,000,000 or 63.2 per cent, and in 1919 \$3,018,873,000 or 58.6 per cent.

Our expenses ballooned at an unprecedented rate, not only to finance our own strategic military and naval operations in World War I, but also to extend credit in very substantial sums, as bankers, to our allies. The aggregate of such credit was extended under four supplementary Acts of Congress to fifteen nations to purchase large quantities of armament, ammunition, equipment, supplies, and food, the largest credit of \$4,300,000,000 to Great Britain and \$3,000,000,000 to France. The Annual Report of the Secretary of the Treasury for the fiscal year ended June 30, 1943, disclosed total unpaid and accrued obligations, funded and unfunded, due from foreign nations as a result of the extension of credit during and immediately following World War I of \$14,260,733,000 of which \$11,435,556,000 represented unpaid principal and \$2,825,177,000 unpaid accrued interest!

Seventh Period, 1920-1931

The seventh period opened with a gross national debt of \$24,297,918,000 in 1920 or \$228.32 per capita. It covered 11 years, the final year in the administration of Woodrow Wilson, the full administrations of Warren G. Harding and Calvin Coolidge, and into the early years of Herbert Hoover. Net yearly surpluses in each year of this period, as during the fourth period, brought about a steady reduction in the national debt and a material improvement in the finances of the Federal Government.

The basic source of revenue had now become the expanding income tax and corporation income and excess profits taxes. The proportion of all receipts furnished by these two sources yearly in this seventh period, ranged between 41.8 per cent to 58.9 per cent.

For the third time in our history, our debt was being reduced "as fast as shall be practicable." This steady reduction was made, not only as a result of the very substantial Federal income in years of prosperity which would automatically provide a surplus, but also because Calvin Coolidge believed in the "old-fashioned" New England virtues of painstaking carefulness, thriftiness, personal and political integrity.

The yearly surpluses of this period, ranged from a low of \$291,222,000 in 1920 under Woodrow Wilson, to a high

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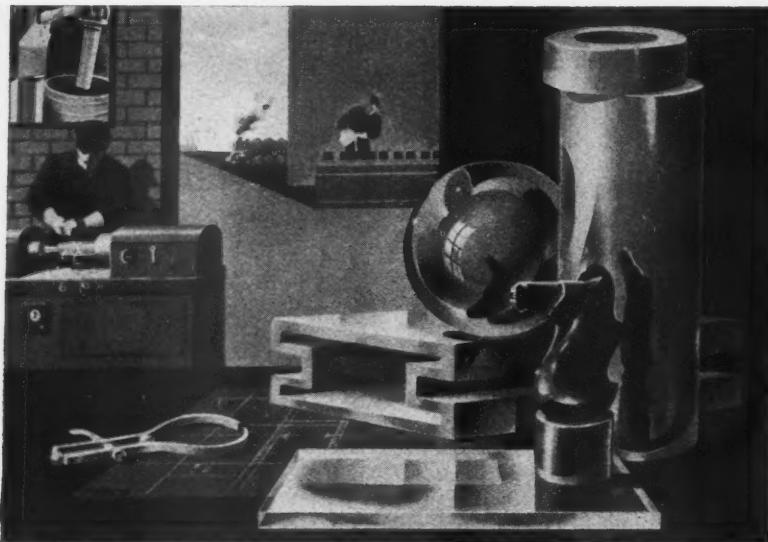
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By their past accomplishments, present applications and future potentials, "Catalin" and "Prystal" stand supreme. Should your present or postwar plastic thinking be concerned with designing and producing the FINEST, our technical staff welcomes the opportunity to assist at the thinking table. Inquiries invited.

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of \$1,155,365,000 in 1927 under Calvin Coolidge. The gross national debt was reduced from a high of \$25,482,034,000 or \$240.09 per capita in 1919 to \$16,185,308,000 or \$131.49 per capita in 1930, a reduction of 36.5 per cent in our dollar debt, and 45.3 per cent in our per capita debt. In the year 1930, the excess of receipts over expenditures amounted to

EXPLANATIONS AND DEFINITIONS OF TERMS

for the Tables on pages 12-13

The fourteen financial ratios have been compiled annually since 1931 by Roy A. Foulke, Vice-President, DUN & BRADSTREET, INC. The ratios for twelve retail and twenty-four wholesale lines appeared in the November 1944 DUN'S REVIEW. All of the ratios, with five-year medians, will appear, as in other years, in pamphlet form. This pamphlet, "National Thrift and the Public Debt," available upon request, will also contain a considerably more complete discussion of the subject of this month's article by Mr. Foulke.

THE RATIOS—The center figure for each ratio (in darker type) is the median. The other two figures (in italics) are quartiles; for each ratio they indicate the upper and lower limits of the experiences of that half of the concerns whose ratios are nearest to the median. When any figures are listed in order according to their size, the median is the middle figure (same number of items from the top and the bottom) and the quartiles are the figures one-quarter and three-quarters down the list.

REPORTING CONCERN—The number in parentheses after the name of the line of business is the number of concerns for which data were available.

COLLECTION PERIOD—The number of days that the total of trade accounts and notes receivable (including assigned accounts and discounted notes, if any) less reserves for bad debts, represents when compared with the annual net sales. Formula—divide the annual net credit sales by 365 days to obtain the average credit sales per day. Then divide the total of accounts and notes receivable by the average credit sales per day to obtain the average collection period.

CURRENT ASSETS—Total of cash, accounts, and notes receivable for the sale of merchandise in regular trade quarters less any reserves for bad debts, inventory less any reserves, listed securities when carried at the lower of cost or market, and United States Government securities.

CURRENT DEBT—Total of all liabilities due within one year from statement date including total reserves for Federal income and excess profits taxes; reserves for renegotiation; and current payments on serial notes, mortgages, debentures, or other funded debts. This item also includes current reserves such as reserves for taxes, and reserves for contingencies set up for specific purposes, but does not include reserves for depreciation.

FIXED ASSETS—The sum of the depreciated book values of real estate, buildings, leasehold improvements, fixtures, furniture, machinery, tools, and equipment.

FUNDED DEBT—Mortgages, bonds, debentures, gold notes, serial notes, or other obligations with maturity of more than a year from the statement date.

INVENTORY—The sum of raw material, material in process, and finished merchandise. It does not include supplies.

NET PROFITS—Profit after full depreciation on buildings, machinery, equipment, furniture, fixtures, and other assets of a fixed nature; reserves for Federal income and excess profits taxes; reserves for renegotiation; reduction in the value of inventory to cost or market, whichever lower; charge-offs for bad debts; all miscellaneous reserves and adjustments; but before dividends or withdrawals.

NET SALES—The dollar volume of business transacted for 365 days net after deductions for returns, allowances, and discounts from gross sales.

NET SALES TO INVENTORY—The quotient obtained by dividing the annual net sales by the statement inventory. This quotient does not represent the actual physical turnover which would be determined by reducing the annual net sales by the percentage of gross profits, and then dividing the resulting figure by the statement inventory.

NET WORKING CAPITAL—The difference between the current assets and the current debts.

TANGIBLE NET WORTH—The sum of all outstanding preferred stocks (if any), outstanding common stocks, surplus, and undivided profits, less any intangible items in the assets, such as good-will, trade-marks, patents, copyrights, leaseholds, mailing lists, treasury stock, organization expenses, and underwriting discounts and expenses.

TOURNER OF TANGIBLE NET WORTH—The quotient obtained by dividing the annual net sales by the tangible net worth.

TOURNER OF NET WORKING CAPITAL—The quotient obtained by dividing the annual net sales by the net working capital.

the substantial sum of \$737,673,000; we have not seen a Federal surplus in the Treasury from that day to this either in years of peace or war.

Eighth Period, 1931-1941

The eighth period began with a gross national debt of \$16,801,485,000 or \$135.37 per capita. It covered ten years, the latter years of Herbert Hoover's administration and the first eight years of Franklin D. Roosevelt's administration. Surplus revenue was now a thing of the past. Year after year, deficits were incurred and tremendous deficits at that. By 1934, the constant unremitting effort to reduce expenses of the Coolidge era had been completely wiped out and we had a gross national debt of \$27,053,085,000, the greatest debt up to that time in our history.

The great stock market crash had taken place. The reverberations spread into all lines of economic activity. The industrial and commercial life of the country continued to slow up until the bottom of the depression was reached in 1932, and even after that, the wheels turned with a slow-motion tempo.

The deficits in 1931 and 1932 were of such considerable importance that they came up for consideration in the presidential campaign of 1932. Said Franklin D. Roosevelt, "I regard reduction in Federal spending as one of the most important issues of this campaign. In my opinion it is the most direct and effective contribution that Government can make to business." With the change in administration in 1932 the deficits not only continued, but increased in 1933, in 1934, and in 1935. In the latter part of 1935 the President remarked, "We have passed the peak of appropriations; revenues without the imposition of new taxes are increasing, and we can look forward with assurance to a decreasing deficit." Expenditures in 1935 totalled \$7,009,875,000 and yearly expenditures have never been that "low" since. In 1937, the President still proposed, "to use every means at my command to eliminate this deficit during the coming fiscal year."

Then a subtle change began to take place in the philosophy toward the growing public debt. National thrift, it was reported by the "new thinkers" was in essence, a very different function than personal thrift. A nation could continue to increase its debt; that made no difference as a public debt was an instrument of national, social policy; "we owe it to ourselves." Hamilton had seen to it that the early debts of



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Copernicus, in the early 16th Century, with the very imperfect instruments of his day, set about by observation to prove the heliocentric nature of our solar system. He succeeded in establishing an entirely new concept of astronomy, and his name will remain immortal in the annals of that science.

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Ever walk all day in the rain, sleep when you can with your shoes on, for a solid seven days or more? . . . Winter is wet and cold in Northern France and Western Germany. Belgium and Holland have hundreds of square miles of semi-swamp. Wet shoes get stiff, split their seams, lose their soles, are scrap in a month or so.

Northern Italy's mountain passes are partial to snow, with sharp stones underfoot, unhealthy for shoes.

In the Pacific, you step off the LC into water, waist high, keep stepping on sharp coral, coarse sand, jungle muck, rock ridges, with rain an added feature every day, as long as the Japs last. And sometimes the Japs last longer than the shoes.

GI shoes can be a very satisfactory Christmas present to Joes who need

shoes to stay in business. So let's send them shoes . . . and a Merry Christmas, circumstances permitting. And shells, overcoats, ammo belts for .50 calibre machine guns, K and C rations, gas, grenades, and bombs to keep the B-24s busy . . . with the Merry Christmas!

SENTIMENT is fine, but it can't stop sniper bullets, starshells, spitting tanks, squareheads and Sons of Heaven. The boys can shove on and settle this war quick, if we keep sending the stuff without stopping, stinting, or sparing. Without stinting the War Bonds, or without sparing ourselves! That's our best sentiment!

This suggestion may sound a little crude, but have you ever heard a battle? Battles are our biggest business this year. Sentiments are good forever!

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with no business interest in shoes . . . but the originators of Metered Mail, and world's largest manufacturer of postage meters . . . still largely devoted to war production, but beginning again to make postage meters . . . and new jobs for returning servicemen



the States, collectively and individually, had been properly handled by living up to the spirit and the letter of all existing contract obligations. That was the only way in his mind of creating faith and credit in the new Government, and on that basis we had been able to establish our credit and to borrow funds in the money market of Europe at prevailing rates within less than three years after the creation of the Union. He had also seen to it that these early debts had been soundly funded, by keeping the fiscal needs of the Federal Government well within the expected reasonable income.

Credit is built on confidence in the ability and the desire of an individual, a business enterprise, to meet his or its obligations on time according to existing contracts. This reasoning has been simple and clear from time immemorial. As money now began to be paid out by the Federal treasury, not by the hundreds of millions, but by the billions of dollars, thrift began to be considered somewhat irrelevant; the funds, it was said, had to be pumped into trade by one means or another to improve business and to reduce involuntary unemployment. The pump was never primed, and the Federal budget was never balanced. The idea seemed to spread in influential circles that mere spending, with consequently little or no premium on thrift, would bring recovery.

Ninth Period, 1941

The ninth period crept upon us just a few years ago. It began with moderate expenditures for defense and for Lend-Lease as the war in Europe spread over a wider and wider area, and then blossomed into the heights of unprecedented spending, unprecedented in all history since the time of the fabled Crœsus. This period opened with a gross national debt of \$48,978,191,000 or \$368.08 per capita in 1941. By June 30, 1945 it is anticipated that our gross national debt will be \$251,300,000,000 or approximately ten times our peak debt in 1919 following World War I.

In the four years ending June 30, 1945 the total receipts of the Federal Government will have been \$124,892,632,000 and the total expenditures \$302,722,983,000 leaving an aggregate four-year deficit of \$177,830,351,000. These figures are truly astronomical. The income and outgo of the Federal Government for the current fiscal year are staggering by any measure; the receipts are budgeted at \$45,663,000,000, the ex-

penditures at \$98,404,000,000, and the deficit at \$52,741,000,000.

No business man, no layman, no professional man who has watched the progress of fascism, nazism, and Japanese aggression on the continent of Asia since 1931 has raised a single pertinent objection to the expenditure of these staggering sums in this critical period in our history. No matter what the costs, the job must be done.

In fact, as General Brehan B. Somervill has said, "By throwing more steel and more high explosives at the enemy, by working harder and longer here at home, we can save young lives." That means paying "more heavily in dollars and sweat and fatigue, less expensively in casualties." The vote is 100 per cent behind General Somervill for the use of unlimited funds to prosecute the war to its utmost conclusion, but when the war is ended, then a measure of sincere thrift will certainly not be out of place in high circles at Washington. If the United States of America is the biggest business in the world, then the control of the income and the outgo should be on a par with reasonably efficient business operations.

RECONVERSION

(Continued from page 18)

approaches. They are in fact overly sharp for practical purposes. Elements of all of them are available for any final plan in arbitrary combinations. Furthermore, there may be several stages, each of which may appear to present a different pattern. Thus much of the discussion has included the idea of a three-month transition period, with rapid scrapping of most of the L and M restrictive orders, and a gradual shift from CMP to collapsed rating bands.

Regardless of the final pattern, there must be supplementary and "backstop" devices of course behind any front line arrangement. WPB has wrestled with the ramifications of inventory control for nearly four years. It can hardly be said that the solutions have always been effective, because of the difficulties both of enforcement and of distinguishing the bearing of any set of words on endlessly differentiated situations. In the post V-E Day phase they will doubtless continue to tie up WPB conference rooms. The pattern of argument will be conventional. If tightness is generally expected, the universal inventory restriction of Priorities Regulation 1, subject to specified exceptions in Order

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M-161, should presumably be retained.* If, however, material suppliers are expected to be overflowing with output which they can not sell, a good way to cook up a revolution might be to continue inventory restrictions on non-rated orders and then discourage stocking in advance of need, even though it could provide an offset to the impact of cut-backs on producers.

The Rate of Change

Where administrative preoccupation is principally with inquiry as to what lies ahead rather than with the perfecting of control mechanisms for balanced war production, policy can hardly be expected to remain stable. As early as the middle of October, however, the general pattern of WPB's judgments and intentions was becoming clear. The essence of the judgments seemed to be that shortages were not likely to survive military cuts after V-E Day on a scale necessitating or justifying systematic protection of non-direct and military programs. The essence of the intentions was to raze the several control wings as rapidly and completely as possible. It is useful to recognize, however, that there was always an open question as to how the reduction process should be paced. Timing is usually at least as important to public policy as logic. In this case it appears on three planes—the present mood of industry, the present mood of the public, and how long the official reasoning that would retain controls after V-E Day would call for their being retained.

There does not seem to be much doubt that a number of our most competent and self-reliant industries are anxious to have Government pack up as quickly as possible. The best of controls for the best of purposes will create friction, and where these two beautiful conditions are not realized the friction can be substantial. The theory of free enterprise assumes that industry will do its best with a minimum of interference from the Government, and the only serious warrant for promiscuous deviation from it is where Government is conceded the right to set or limit the goals as in the case of war.

On the other hand, evidence is not entirely conclusive that all industry would hail independence with the un-

* The general intent of Pri. Reg. 1 is to prevent delivery or acceptance of any material in quantities that would result in the accumulation of a larger than "practical minimum working inventory." There are exceptions of course to take care of seasonal and other special situations.

Order M-161 exempts certain materials from the inventory limitations of Pri. Reg. 1 (also where they are being purchased for maintenance, repair, or operating supplies) either because of the absence of any serious shortage or because of seasonal peculiarities in production.

mitigated glee assumed in some quarters. Some of the larger enterprises enjoy advantages that may be pronounced in a period of lingering shortages. They are often integrated to a much larger extent and have under their own hand the production resources that they need. Some of the smaller manufacturers may look askance at the overly abrupt removal of Government controls before the streams of commerce have had a chance to return to natural channels. Some manufacturers, who are more completely tied up with war business, appear to feel that they can make their own way back to a normal operating basis, without prejudice to their war obligations, better than the Government can plan it for them, while others wish to have their share in civilian production protected in some way until they can join in the race.

Speaking generally, some industries have not seemed loath to allow the Government to continue taking responsibility for discrimination among customers when there is not enough production to go around. Apart from the unpopularity of making rationing decisions in a shortage situation, there have been some signs of concern over the anti-trust laws should voluntary rationing be undertaken on an industry-wide basis without the formal sanction of a WPB order. Furthermore, word that control was wanted in some quarters to prevent impetuous "over-expansion" in response to an ephemeral demand would not cause wonder.

Deep convictions and great clarity with respect to the situations a man knows best will still not save him from surprise at the opinions of others differently situated. Finally, there is always the possibility of distinction between group acquiescence and privately expressed doubts. The contribution of closed doors to public policy has always been difficult to measure. With respect to all these questions there has been no poll, except that various industry advisory committees are not regarded as seeing eye to eye on the question, and possibly neither case is fully demonstrable.

The general public probably has no reliable means of judging so technical a problem. In a general way it could almost be taken for granted that the public will wish the privations and irritations of war to be lifted as rapidly as possible. The time ahead will probably be one of those periods occasionally set aside by nature for revulsion against

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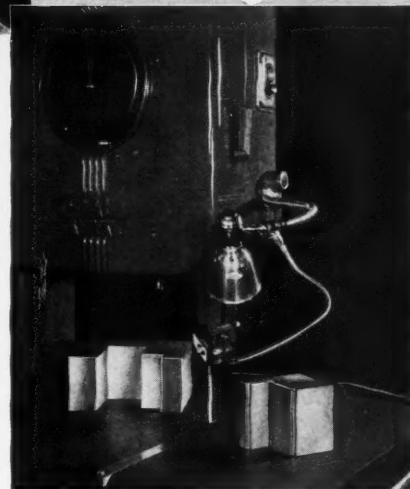
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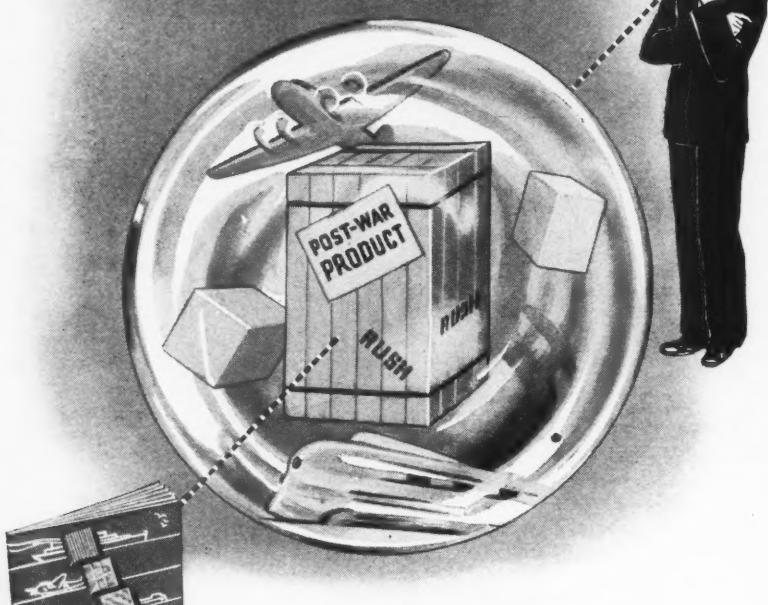
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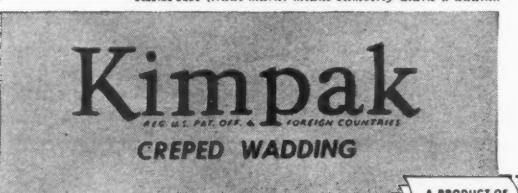


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abnormal restraints, rather than for close reasoning. It so happens that the curious blend of practical and theoretical people in WPB have learned a great deal about urgencies and pressures, and about the shades between guiding touches and uncompromising controls, for a great many critical products. There could obviously be some advantage in using that bureaucratic wisdom in the national interest, if the national interest in getting rid of bureaucratic wisdom would permit.

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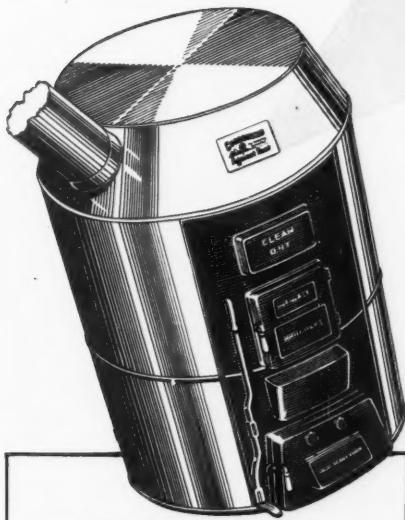
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